

WHY MODERN DAY SLAVERY IS A RISK FOR YOUR COMPANY AND HOW TO DEAL WITH IT

*Kirill Boychenko
Campaign Coordinator,
International Labor Rights Forum*

1

- Understand and prevent modern day slavery risks
- Compliance with modern day slavery regulations in global supply chains
- Compliance programs' best practices responding to modern day slavery risks and regulations

2

IN THE PAST FIVE YEARS, 89 MILLION PEOPLE EXPERIENCED SOME FORM OF MODERN SLAVERY FOR PERIODS OF TIME RANGING FROM A FEW DAYS TO THE WHOLE FIVE YEARS.

PREVALENCE

There were 5.4 victims of modern slavery for every thousand people in the world in 2016.

There were 5.9 adult victims of modern slavery for every 1,000 adults in the world and 4.4 child victims for every 1,000 children in the world.



3

On any given day in 2016



METRICS

40 million people were victims of modern slavery. This includes:

- 25 million people in forced labour
- 15 million people in forced marriage

4



GENDER

Women and girls accounted for 71 per cent of modern slavery victims.



DEBT BONDAGE

Debt bondage affected half of all victims of forced labour imposed by private actors.



CHILDREN

One in four victims of modern slavery were children.



5

INTERNATIONAL CRIME INDUSTRIES:

1. Illegal drugs

2. Arms trafficking

3. Human trafficking



\$32 billion
generated annually

\$15.5 billion
from industrialized countries

Data source: United Nations Office on Drugs and Crime

6

WHAT'S IN THE NAME?



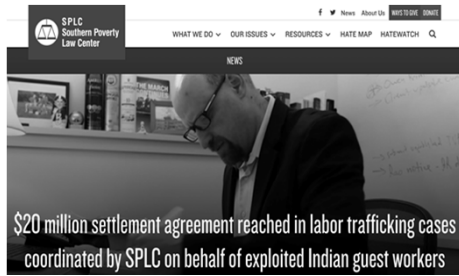
SLAVERY FOOTPRINT



WHY ENGAGE?

- 77% of companies think there is a likelihood of modern slavery occurring in their supply chains
- 42% of companies see the length and complexity of supply chains as one of the strongest barriers to effectively addressing modern slavery

DAVID V. SIGNAL INTERNATIONAL



10

Canadian firm to face historic legal case over alleged labour abuses in Eritrea

Appeals court rules against mining company Nevsun Resources, clearing way for workers to have claims of human rights violations heard in Canadian court



11

Workers held captive in Indian mills supplying Hugo Boss

Guardian inquiry into concerns raised by Hugo Boss reveals Tamil Nadu firm, which also supplies major UK brands, stops women leaving factory

© 9:14 AM

Chinese factory supplying major laptop brands accused of student labour abuses

Watchdog claims Chinese factory supplying Sony, HP, Acer and others makes funding and graduation of student interns contingent on working 12-hour shifts

© 3:24 PM



12

Millennials Driving Brands To Practice Socially Responsible Marketing



Sarah Landrum, CONTRIBUTOR

I write about how millennials can be happier at work. [FULL BIO](#) ▾

Opinions expressed by Forbes Contributors are their own.

13

LEGAL COURSE

- UN Global Compact
- Mandatory Transparency
- Mandatory Due Diligence
- Public Procurement

14



15

**US TARIFF ACT
US TRADE FACILITATION AND
TRADE ENFORCEMENT ACT
US FAR RULES**



16

**THE CALIFORNIA
'TRANSPARENCY ACT'**

Requires companies to publicly disclose a 'conspicuous and easily understood' document on their websites' homepage. The document should describe the extent of engagement towards eliminating human trafficking and slavery in their supply chains.



17

UK MODERN SLAVERY ACT

Section 54 of the Act, 'Transparency in Supply Chains' requires every organization carrying on a business in the UK with a total annual turnover of £36m or more to produce a slavery and human trafficking statement for each financial year of the organization. Organizations are required to publish this statement on their website and must include a link to the statement in a prominent place on the website's homepage.



18

UK MODERN SLAVERY ACT

"It is not acceptable for any organisation to say, in the twenty-first century, that they did not know. It is not acceptable for organisations to ignore the issue because it is difficult or complex. And, it is certainly not acceptable for an organisation to put profit above the welfare and well-being of its employees and those working on its behalf."

- the Home Secretary Theresa May

19

The Act specifies two legal requirements for statements:

1

Statements must be published on the organisation's UK website with a link in a prominent place on the UK homepage. The emphasis on visibility is intended to enhance reporting standards, encouraging companies to publicly demonstrate their commitment to addressing modern slavery.

2

Statement should be approved by the board or directors and signed by a director. This assigns ownership to senior level management and encourages their proactive involvement in tackling abusive practices in business operations.

20

FRENCH DUTY OF VIGILANCE LAW

Requires companies of a certain size to have in place due diligence plans identify and mitigate the occurrence of violations of human rights and fundamental freedoms. The French law specifies the content of the due diligence plan and requires companies must publish them annually.



21

DUTCH CHILD LABOR DUE DILIGENCE LAW

Requires companies to examine whether there is a reasonable suspicion that the goods or services have been produced with the use of child labor. If so, the company must develop and carry out an action plan to combat the use of child labor. The company must issue a due diligence statement on the investigation and plan of action.



22

MODERN SLAVERY ACT IN AUSTRALIA

Australian Parliamentary Committee recommends a mandatory global supply chain reporting requirement for certain businesses operating in Australia. The Australian Government will now consider the Committee's recommendations. Draft legislation is expected in the first half of 2018.



23

EUROPEAN PARLIAMENT

- Resolution on mandatory human rights due diligence for companies
- A 'green card' initiative
- EU Non-financial Reporting Directive 2014/95/EU
- The 2017 EU Non-Financial Reporting Directive



24

LAWS OVERVIEW AND DIRECTION

- Disclosure
- Require statements
- Monitoring and enforcement mechanisms
- Due diligence plan
- Provide for corporate liability where appropriate
- Seizure of goods
- Provisions in procurement and other contracts

25

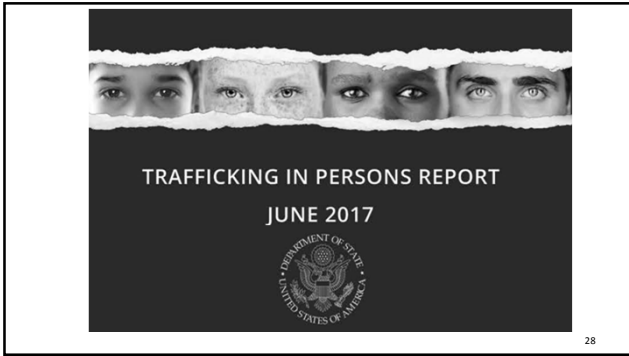
THE FUTURE OF BUSINESS AND HUMAN RIGHTS: MORE REGULATION

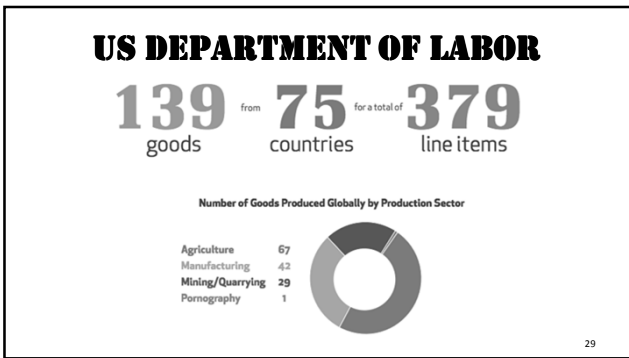
- Over time, stricter laws were enacted
- Across the board and party line support
- New laws are emerging (Switzerland, Qatar, Brazil)

26

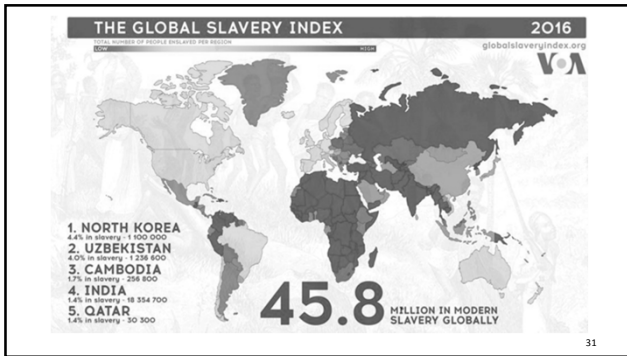
**DO YOU KNOW OF ANY GLOBAL
REPORTS ON HUMAN
TRAFFICKING?
IF SO, DO YOU USE ANY OF THEM?**

27











FCPA LIABILITY FOR PARENT COMPANIES

| | | | | |
|--|------|--------------------------------|---|---|
| EVERY WORKER SHOULD HAVE FREEDOM OF MOVEMENT | >>>> | NO WORKER SHOULD PAY FOR A JOB | ↓ | NO WORKER SHOULD BE INDEBTED OR COERCED TO WORK |
|--|------|--------------------------------|---|---|

- Hiring practices (excessive fees charged to workers)
- Labor brokers who may be paying bribes
- Lack of oversight

33

WHY IS THE COUNTRY-SPECIFIC RISK ASSESSMENT STRATEGY PREFERRED OVER ONE-SIZE-FITS-ALL?

34

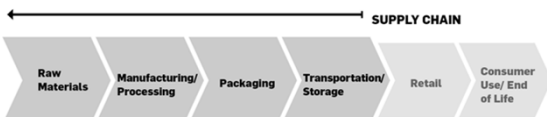
ASSESSING RISK

- Outsource your risks and responsibilities?
- Presence of labor recruiters in supply chains
- Lack of government regulation and / or poor enforcement of labor standards
- Presence of cheap labor and high numbers of vulnerable workers
- Absence of effective and representative workers' organizations / collective agreements

35

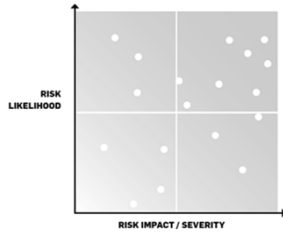
MAPPING THE SUPPLY CHAIN

GENERIC SUPPLY CHAIN STAGES FROM
A RETAILER PERSPECTIVE



36

SUPPLY CHAIN SUSTAINABILITY RISKS MAPPING



37

Company Pledge Against Forced Labor in the Uzbek Cotton Sector

Pledge Signatories

The following companies have taken our pledge to eliminate Uzbek cotton from their supply chains. Explore our list of signatories to see if your favorite brands and retailers have joined us!

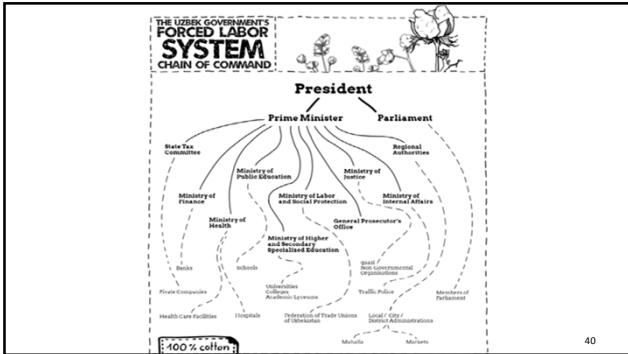
Total Signatories: 276
Last Updated: November 16, 2017

ALL SIGNATORIES

38



39





MODELS OF GOOD PRACTICE

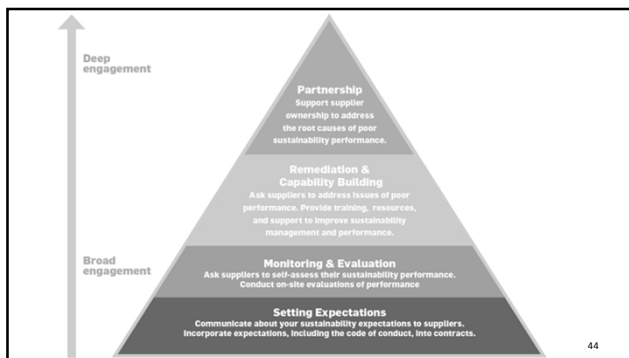
- The Fair Food Program in the United States
- The National Pact to Eradicate Slave Labor in Brazil
- Partnerships to prevent forced and child labor – Cotton Campaign

42

ENGAGING WITH SUPPLIERS

- Examine internal business procedures
- Develop a process for informing business decisions
- Clauses on modern slavery and risk factors
- Information about the requirements of conducting business
- Monitoring and audits

43



INCENTIVES FOR SUPPLIERS

- Reducing the number of audits conducted
- Establishing a preferred supplier program
- Increasing business
- Providing recognition and awards
- Allowing participation in strategic buyer /supplier planning meetings
- Sharing costs for sustainability improvements
- Providing assistance for capability building

45

MONITORING AND EVALUATIONS



46

SUPPLIER DATABASES

Fair Factories Clearinghouse (FCC): launched by U.S. footwear and apparel firm Reebok International Ltd., the National Retail Federation, Retail Council of Canada and World Monitors to create an online global database to share factory audit and compliance data. The FCC, a non-profit organization, offers members an online audit management system and sharing platform to enable cost effective, well-informed ethical business transactions and improved workplaces around the globe.

Suppliers Ethical Data Exchange (Sedex): Several U.K. food firms, including Marks & Spencer plc, Safeway plc and Tesco plc, have teamed up with the U.K. ethical trading consulting firm Impact Ltd. to create an online database for companies to consolidate and share their supply chain audit information. The Web-based database catalogs audit information such as working hours, compensation, labour conditions, freedom of association and child labour.

EcoVadis: EcoVadis is operating an online collaborative platform allowing companies to access to CSR ratings of suppliers covering 21 indicators and 150 spend categories. 25 "Global 500" companies are using EcoVadis to assess and develop the CSR management systems of thousands of suppliers across 80 countries.

47

HOW TO IDENTIFY A PROBLEM?

- Deception in the recruitment process and / or false promises about the terms and conditions of employment;
- Workers are charged excessive recruitment fees;
- Identity documents or other valuable personal possessions are confiscated or withheld;
- Wages are withheld or unpaid;
- Deprivation of food, shelter or other necessities;
- Workers forced to lodge excessive financial deposits or "security" fees;
- Irregular migrants report being threatened with denunciation to authorities; and / or
- Restricted freedom of movement.

48

ADDRESSING A MODERN SLAVERY SITUATION

- Have a standard operating procedure in place
- Ensure that mitigation is worker focused
- Ensure remediation and compensation for workers
- Avoid hasty reactions
- Avoid blanket bans
- Promote complaint mechanisms and whistleblowing procedures

49

MY BUSINESS IS ONLY BEGINNING TO DEAL WITH THIS ISSUE:

WHAT SHOULD WE PUT IN OUR STATEMENT?

50

QUESTIONS TO CONSIDER - 1

- Have you made a public commitment to eradicate slavery throughout your operations and supply chain, which has been signed by a senior officer?
- Has your commitment to eradicating slavery been integrated into your other policies and decision-making procedures (e.g., procurement, joint venture decisions, etc.)?
- Do you engage stakeholders in the formulation, implementation, and / or reporting of your anti-slavery commitment?

51

QUESTIONS TO CONSIDER - 2

- Do you set goals and targets or otherwise monitor your performance in eradicating slavery?
- Do you require all of your contractors, agents, and suppliers ("business partners") to abide by a Code of Conduct (or similar policies and procedures) that prohibits slavery?
- Do you provide training on slavery (including on current and emerging legislation and regulations) to your: (a) directors and officers; (b) employees; and (c) significant business partners?

52

QUESTIONS TO CONSIDER - 3

- Do you complete risk mapping, risk analysis and due diligence to identify and prioritize the risk of slavery at your operations and within your supply chain?
- Does your risk assessment go beyond your direct (first-level) business partners?
- Have you developed partnerships with other businesses, NGOs or government actors to gain a better understanding of the risks faced by workers at your operations or within your supply chain?

53

QUESTIONS TO CONSIDER - 4

- Do you conduct unannounced "spot audits" or inspections at your own operations and / or at your suppliers' operations?
- Do you engage a third party to carry out or assist with the audits or inspections?
- Are your audits or inspections tailored to take account of local or regional differences, including more prevalent risks?
- Do you require your business partners to report on risks and remedial steps taken to eradicate slavery at their respective operations?

54

QUESTIONS TO CONSIDER - 5

- Do you have a mechanism in place for reporting and investigating violations of your anti-slavery policies and procedures?
- Does the mechanism provide for confidentiality or anonymity, and non-reprisal?
- Does the mechanism allow any stakeholder to file a report or complaint?
- If a report is substantiated, is there a mechanism in place to enforce remediation requirements?

55

THANK YOU!

QUESTIONS?

Kirill Boychenko
Campaign Coordinator,
International Labor Rights Forum

56
