

A photograph of a garment factory. In the foreground, a large industrial sewing machine is visible, with a spool of dark thread on top. To the right, a worker in a blue shirt is partially visible, working at a machine. In the background, other workers and sewing machines are visible, creating a sense of a busy production environment. The lighting is bright, coming from overhead fluorescent lights.

Uncovering Forced Labor in the Supply Chain

July 11, 2019

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Webinar
July 11, 2019
2pm ET

Uncovering forced labor in the supply chain



Today's speakers

Introductions



Donald Walsh,
Stantec Global
Manufacturing
Sector Leader



Giovanni Ranza,
Stantec Italy
Manufacturing
Operations
Manager



Luke Long,
Stantec China
Country Manager



Abdul Mottaleb,
Managing Director of
Global Sustainable
Certification Services
Ltd.



Sharon Hesp,
Senior Operations
Manager at SLCP,
Social & Labor
Convergence



Joerg Hofstetter,
Associate Professor in
Supply Chain
Management, KEDGE
Business School

Giovanni Ranza

Manufacturing Operations Manager
Stantec Italy

Forced labor: a global
overview

Modern Slavery



Forced Labor

“all work or service that is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.”

ILO Forced Labour Convention, 1930 (No. 29)

It is characterized by:

- *Involuntariness*
- *Menace of penalty*

The coercion may take place:

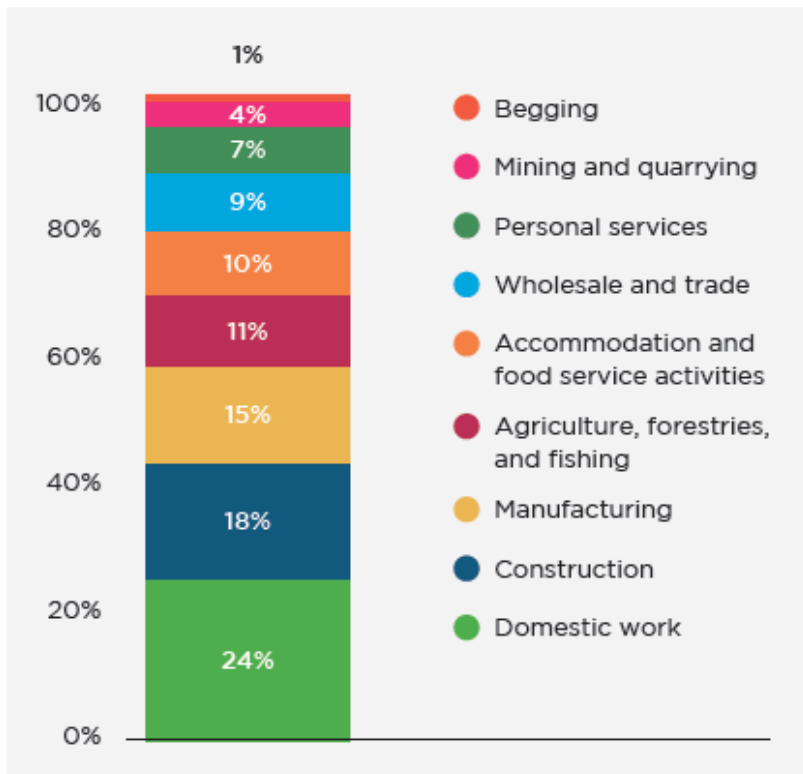
- during the recruitment process
- while working
- at the end (to prevent the worker from leaving the job)

Modern slavery



Forced labor

Approximately **24.9 million persons** were victims of forced labor in 2016.



N. of victims every 1000 people

Asia and Pacific	4.0
Europe and Central Asia	3.6
Africa	2.8
Arab States	2.2
Americas	1.3

Products at risk of forced labor



COTTON: Kazakhstan, Tajikistan, Turkmenistan, Uzbekistan



BRICKS: Afghanistan, India, Myanmar, Nepal, Pakistan



GARMENTS – APPAREL & CLOTHING ACCESSORIES: Argentina, Brazil, China, India, Malaysia, Thailand, Vietnam



CATTLE: Bolivia, Brazil, Niger, Paraguay



SUGARCANE: Brazil, Dominican Republic



GOLD: Democratic Republic of the Congo, North Korea, Peru



CARPETS: India, Pakistan



COAL: North Korea, Pakistan



FISH: Ghana, Indonesia, Thailand, Taiwan, South Korea, China, Japan, Russia¹⁰



RICE: India, Myanmar



TIMBER: Brazil, North Korea, Peru



BRAZIL NUTS / CHESTNUTS: Bolivia



COCOA: Côte d'Ivoire, Ghana



DIAMONDS: Angola



ELECTRONICS – LAPTOPS, COMPUTERS, & MOBILE PHONES: China, Malaysia

Sources and further reading

International Labor Organization

<https://www.ilo.org/global/topics/forced-labour/lang--en/index.htm>

The Global Slavery Index

<https://www.globalslaveryindex.org/>



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Labor Audits in China

Methods to identify forced labor and workers' rights issues

Onsite Audits

- Interviews – Workers and Management
- Factory Tour – Onsite posts, notices, records, etc.
- Documents – Disciplinary sanction records, Hiring/Job termination policies, etc.

Investigations

- Unannounced inside visit, outside visit, etc.,

Employment Experience

- Send people to work in the target factory as staff or workers for a certain months.

Check other sources

- Web, 3rd party audit/NGO reports, etc.,

Typical findings

Common Issues – Forced, Bonded and Indentured Labor

- ❖ Employees in debt due to recruitment or employment
- ❖ Restriction of employee to their IDs
- ❖ Restrictions from resigning employment through threats, debts, deposits, etc.
- ❖ Unlawful mandatory overtime working
- ❖ Monetary deductions resulting from unlawful disciplinary actions
- ❖ Monetary deposits for items that are not mandated by law or collective bargaining agreement.

Examples of corrective actions

1. Policies should be set up to prevent following scenario:

- ❖ Employee debt
- ❖ Deposits
- ❖ Retention of ID documents
- ❖ Freedom of movement
- ❖ Termination
- ❖ Mandatory overtime

2. Additional policies and procedures on hiring and terminations shall be established:

- ❖ Recruitment / hiring fees
- ❖ Termination notice / procedures
- ❖ Overtime procedure / policy

3. Capacity building

Story Sharing

What was written on this notice?

Workers in cutting section must work overtime in evening later than 8:30pm, otherwise they would not be allowed to exit the factory gate



Corrective Actions

- ❖ Stop Forced Overtime/Movement Restriction immediately and withdraw the notice
- ❖ Inform workers about their rights in regards to overtime
- ❖ Analyze why this violation happened
- ❖ Develop training plans
- ❖ Keep all these documents for three years

Capacity Building Support

- ❖ Management meetings to reinforce the importance of CSR performance in the supply chain
- ❖ Trainings to the Sales Department and Production team and support in updating their Policies of Coordinating and Procedure of Urgent Case
- ❖ Onsite trainings to team leaders on how to better coordinate and communicate with workers



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Abdul Mottaleb

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Auditing principles for
identifying Forced Labour cases
in formal and non formal sectors
in Bangladesh

Present scenario of formal and informal employment in Bangladesh

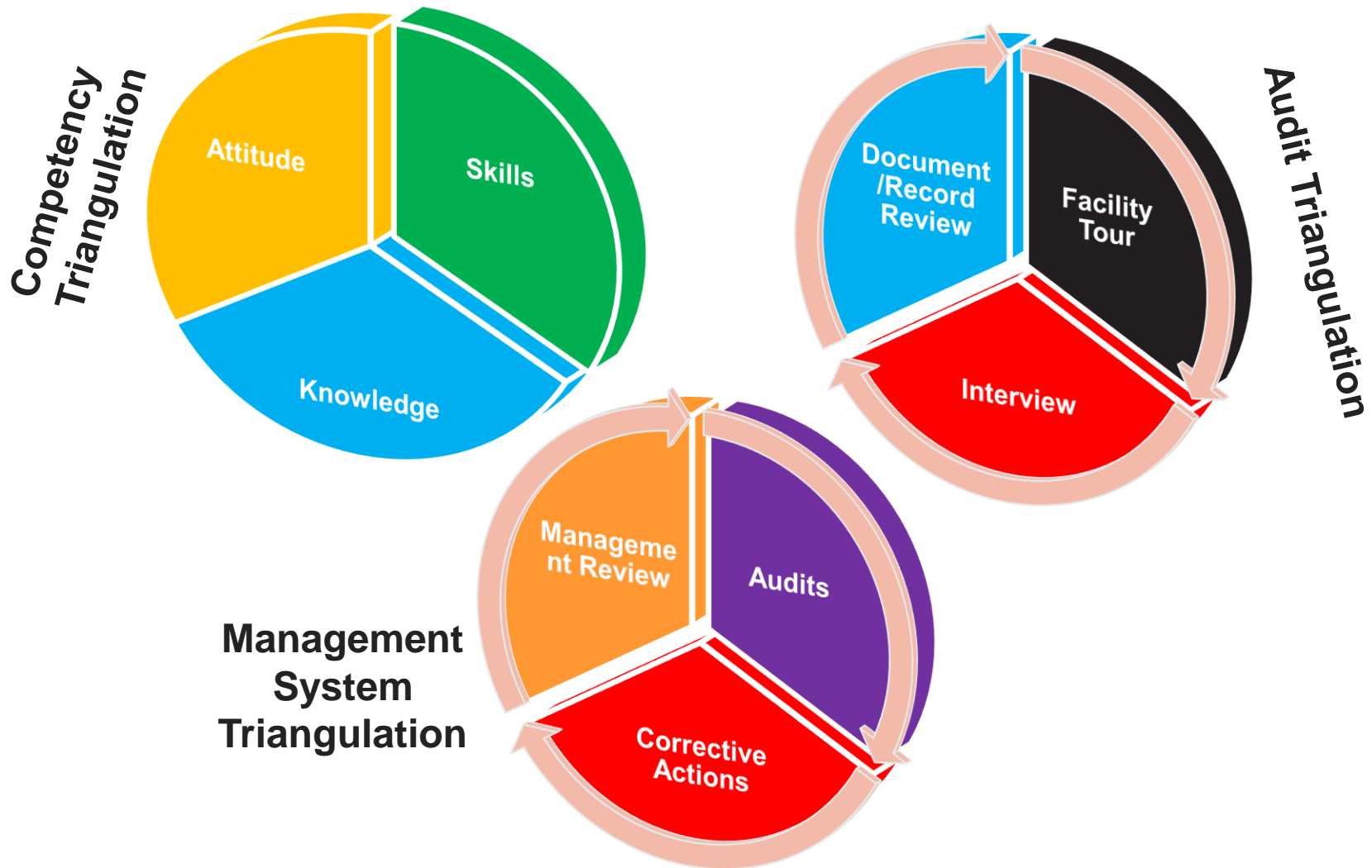
- 87 per cent of the labor force is employed in the informal economy like transportation, agriculture, construction, unpaid family labor etc.
- Only 13% of total labor force in formal employment in Bangladesh
- From 13% of formal employment, almost 40% are involved in RMG sector.
- Total 4000+ garments industries except supply chain

The direct forced labor issues dynamically reduced by professional audits generated by brands in RMG sector.

Risks:

- **Less monitoring in Tier 2 and Tier 3....Supply Chain**
- **No assessment on informal sectors**

Auditor, Audit & Management System triangulation Method



Systematic Evidence Corroboration- Flower's approach



In case of evidence of excessive / consecutive working hours, auditors should focus on all aspect of the flower:

- Most importantly forced working hours
- Put extra effort on worker's interview for forced labor
- Unrealistic individual / group target leads the forced labor.
- Understand management attitude towards workers

General guidelines for auditors

Recommendation

- Conduct Workers interview at early stage of audit
- Try to understand the behavior and conversations between management & workers during facility visit
- Don't expect only paper based evidence for forced labor
- Try to conduct workers' interviews off-site
- Pay more attention to disciplinary practices of company



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Sharon Hesp

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Program

SLCP's mission to reduce
audit fatigue, enhance
comparison across the
industry and improve working
conditions by converging
social audit tools

Social & Labor Convergence Program (SLCP)

SLPC

VISION:

Converged Assessment. Collaborative Action. Improved Working Conditions.

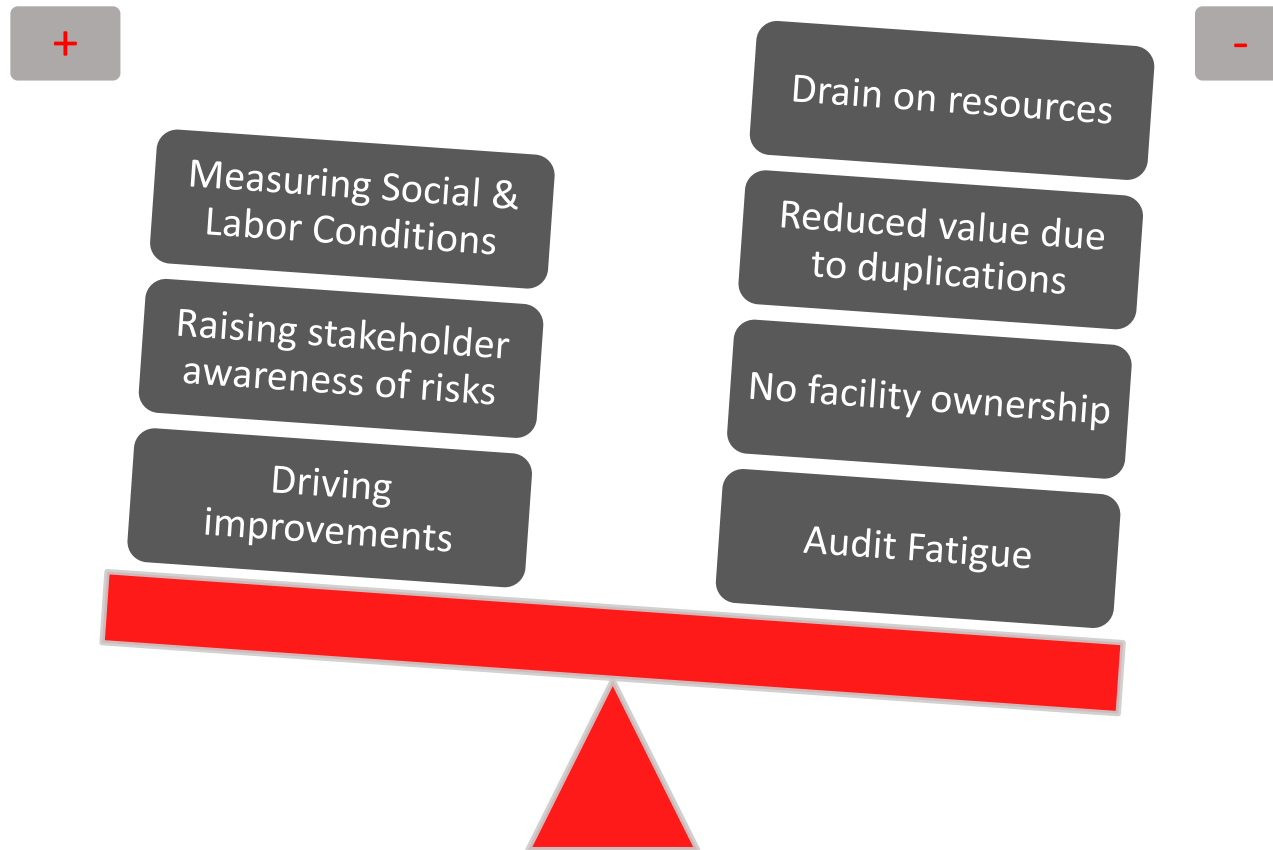
MISSION:

To implement a converged assessment framework that supports stakeholders' efforts to improve working conditions in global supply chains.

Website: www.slconvergence.org



Social Audits: What is the Impact?



SLCP Converged Assessment Framework

SLCP Converged Assessment Framework does

Collect compliance and performance information from production facilities

Employ a robust verification process

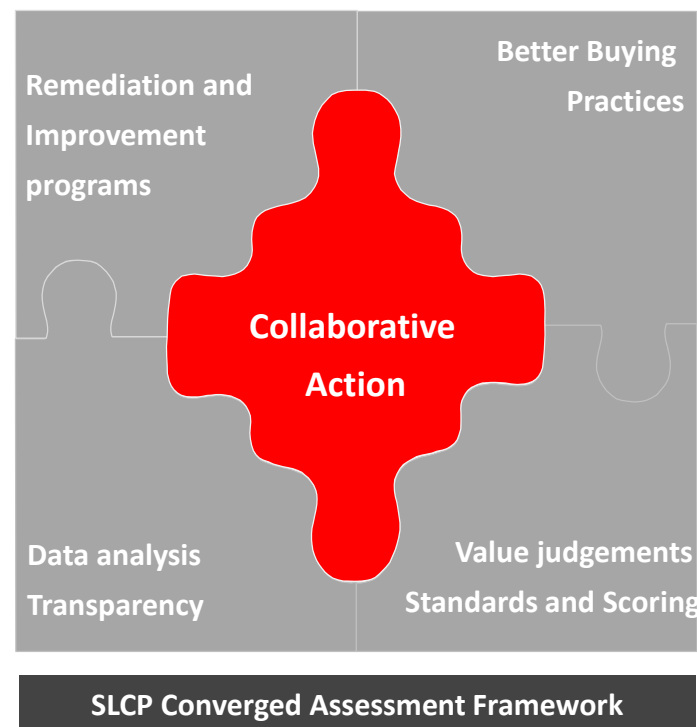
Facilitate operation (data hosting & sharing)

SLCP Converged Assessment Framework does NOT

Set minimum requirements

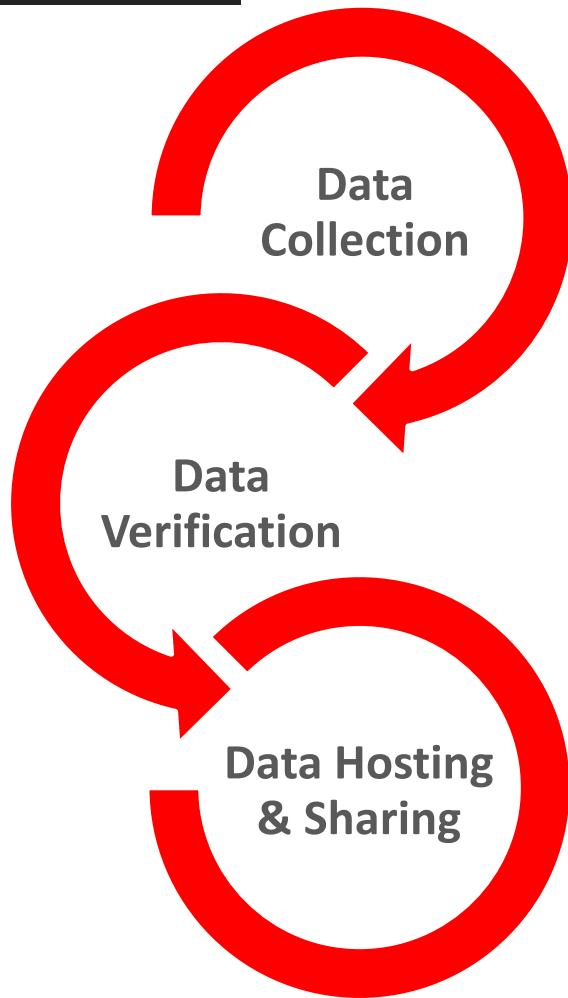
Exist as a scoring/ranking system, certification program or Code of Conduct

Instead: it is compatible with existing systems



The ultimate vision is improved working conditions. Assessments in isolation will not drive the systemic change that is needed. SLCP provides a building block for other crucial elements like transparency and improvement programs. SLCP will drive collaborative action and stakeholder inclusion for addressing these.

Full SLCP Assessment Process



STEP 1:

Collection can be done by either self-assessment 'SA' (facility only) or a joint assessment 'JA' (facility + external assistance)

STEP 2:

The SLCP Verifier checks the correctness and completeness of the data gathered through the S/J assessment. They will confirm or amend the original data, resulting in Verified Data.

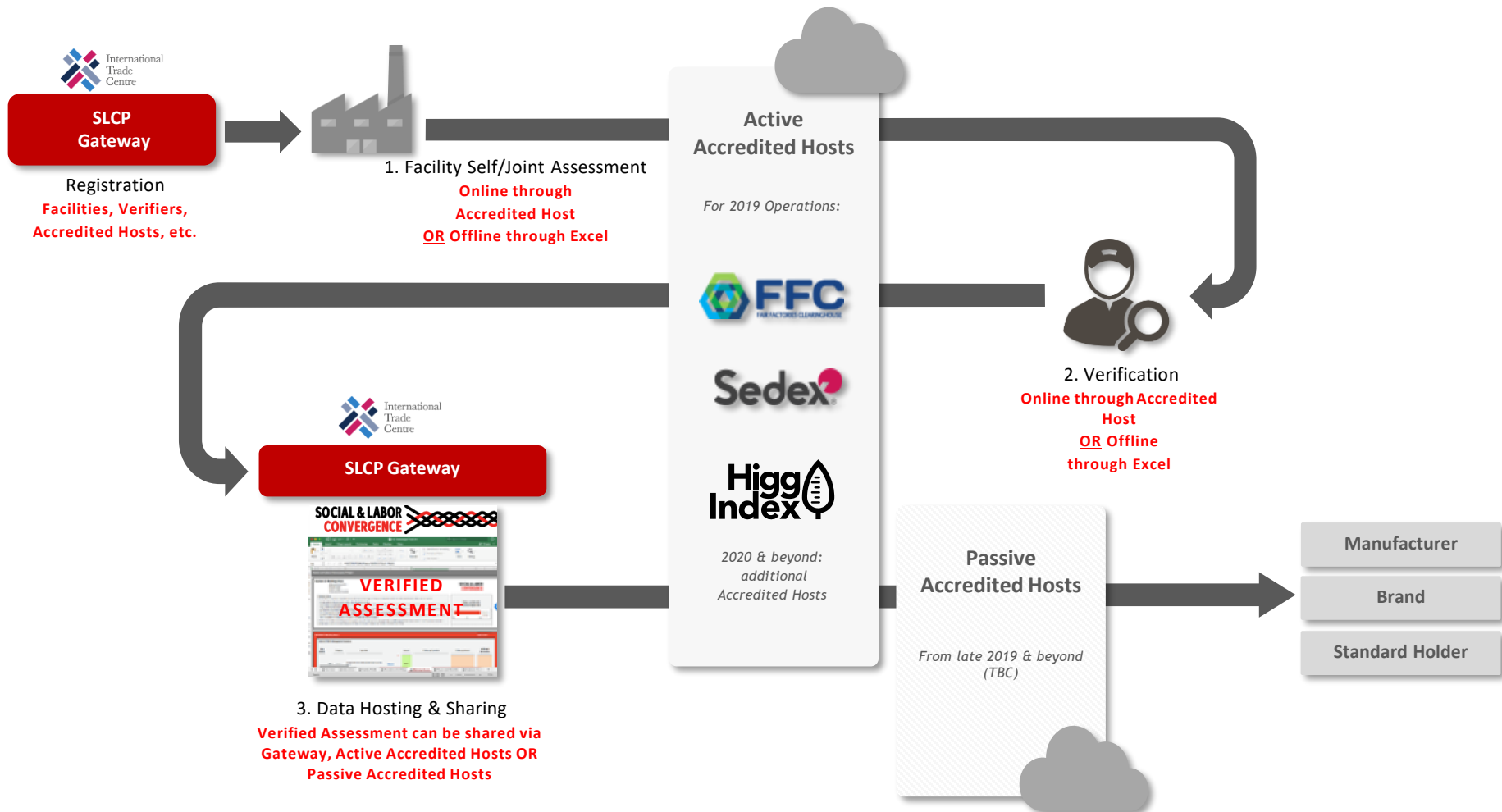
A Verification Oversight Organization (VOO) is selecting Approved Verifiers and performs quality checks.

STEP 3:

The Verified Data is shared through a semi-decentralized model with a Distribution Gateway and Accredited Hosts

SLCP Data Hosting & Sharing

Data hosting & sharing

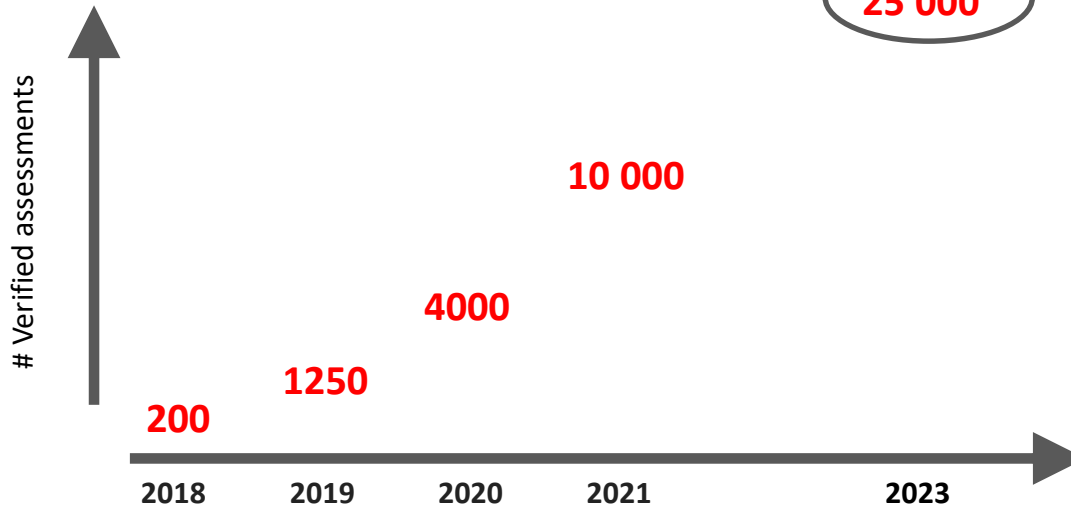


Possible Audit Resources Unlocked

5-year Strategy Targets

Audit resources
unlocked

SLCP verified assessment adoption targets



This translates to **77% of apparel and footwear facilities** estimated to be currently under social audits: - SLCP internal research August 2018.

Rapid increment of adoption over next coming years, after 2018 Light Operation.

'Realistic' scenario: sharing 1.5 (2018) -3.9 (2023)

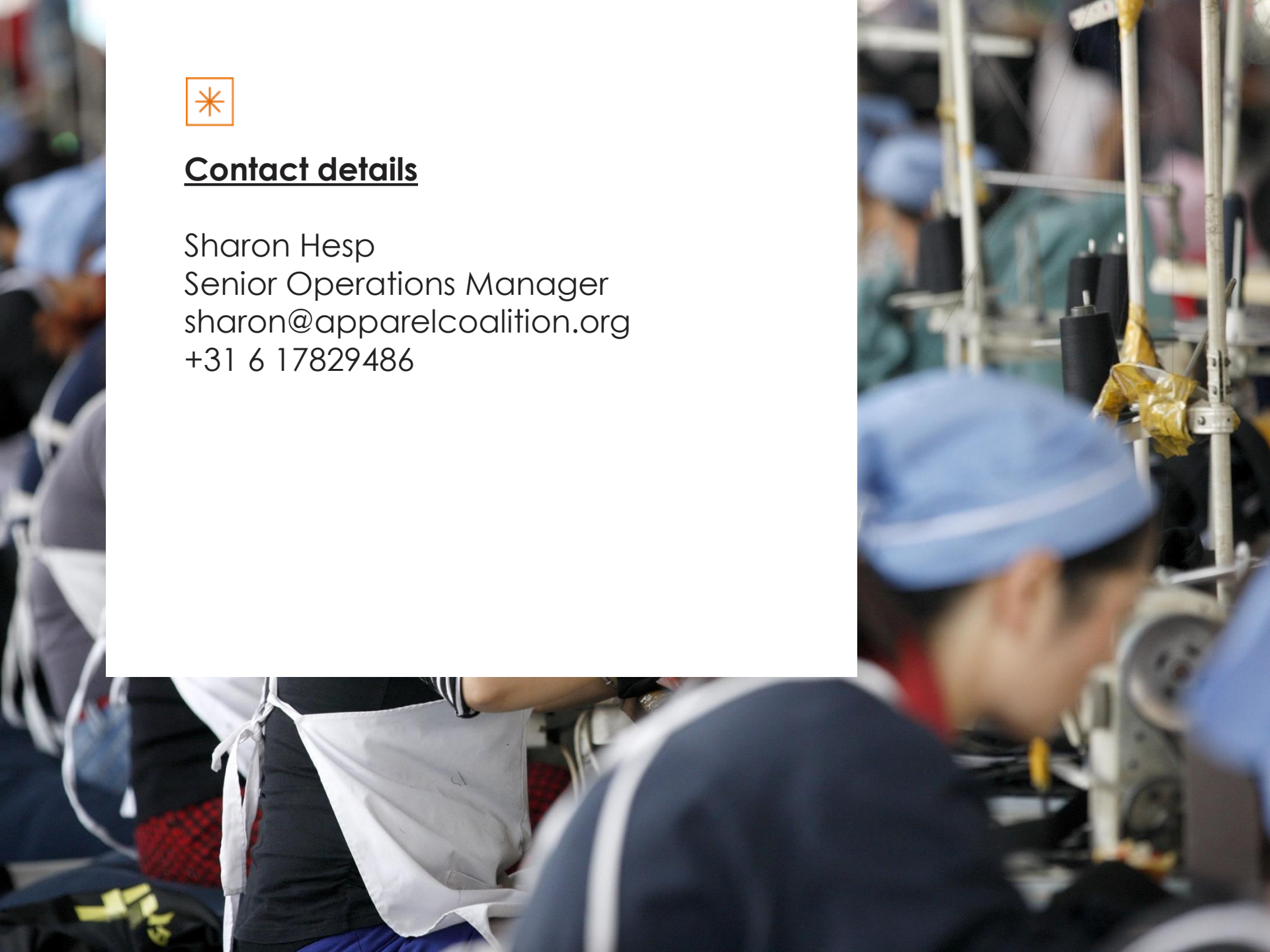
Year	Resources unlocked for improvement (USD)
2018	\$ 41.250
2019	\$ 1.837.500
2020	\$ 10.312.500
2021	\$ 27.225.000
2022	\$ 94.312.500
2023	\$ 134.371.875

In this scenario the implementation targets are achieved for 75%, the resources unlocked for 2023 are estimated at **134.371.875 USD**.



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Empowering Sustainable
and Responsible Supply
Chain by enhancing
opportunities in sub-
supplier management

Why tier n suppliers matter

Sustainability opportunities:

ESG issues occur predominantly in work intensive upstream production steps...

=> sub-supplier practices are linked to brand differentiation and credibility

Profitability opportunities:

Approx. 80% procurement share on the cost of goods sold in most sectors...

=> sub-suppliers account for 2/3 of cost of goods sold

Quality opportunities:

German car manufacturers traced 85% of quality issues back to sub-suppliers...

=> sub-suppliers unaware of specific requirements

Resilience opportunities:

For many production processes, industrial concentration is high...

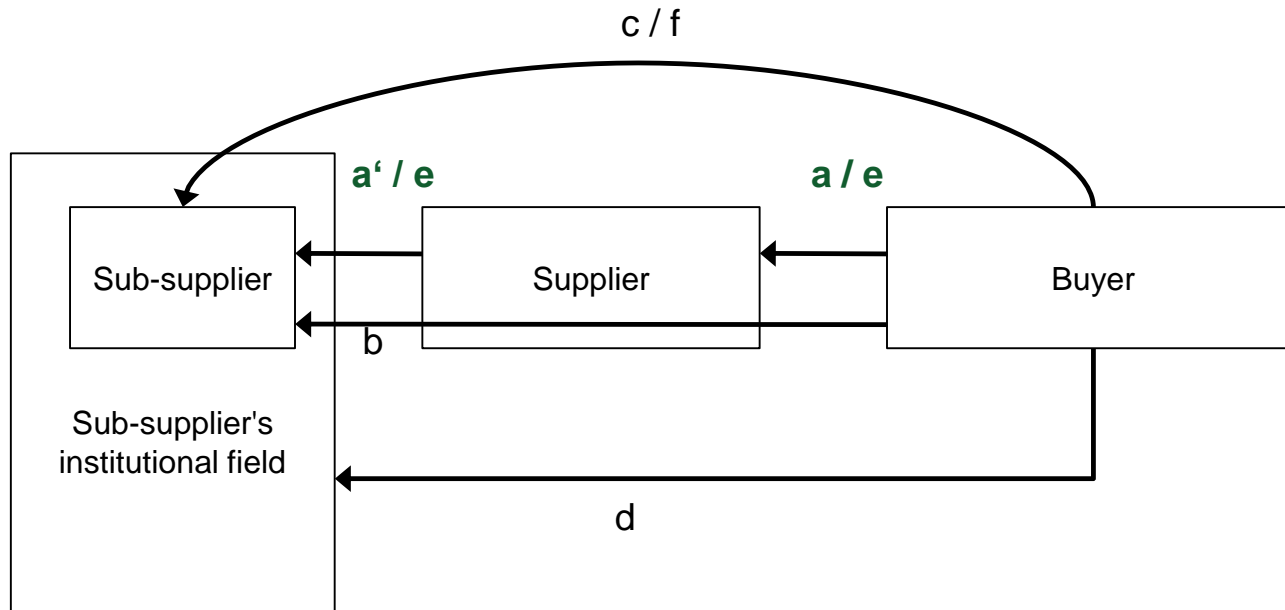
=> sub-supplier allocation decisions impact capacity utilization

Innovation opportunities:

Many products rely on special goods that are difficult to substitute...

=> sub-supplier inventions are needed to realize product strategies

Reaching out to tier n suppliers



a) Delegating responsibility to direct suppliers

b) Interacting directly with the sub-supplier together with the direct supplier

c) Interacting directly with the sub-supplier without the direct supplier

d) Influencing the sub-supplier's institutional field

e) Establishing own business activities in a supplier sector to turn sub- into direct suppliers

f) Establishing own business activities in a sub-supplier sector to substitute sub-suppliers

=> What is realistic for a large number of sub-suppliers?

From individual to general approach

Considering the high amount of suppliers in business and the length of today's supply chains...

...managing sub-suppliers individually usually exceeds realistic supply chain governance budgets.

Does **the way we generally treat our suppliers** motivate these suppliers to make their suppliers aware of our requirements, strategies, values and norms?

How do our suppliers generally evaluate our behavior when considering what to require and ensure from their suppliers?

How can we get our suppliers engaged in our needs – so that they realize our needs in their supply chain?

Join in testing this new approach

- The Swiss government is co-funding a research project to test this approach in reality
- We invite companies to join this applied project
- Individual projects to compare competing supplier relationship approaches
- Scientific evaluation and assessment of results
- Approach like testing new medical treatments

Participants receive

- awareness about behavior that hinders supplier alignment with their needs
- hands-on experience with alternative approaches
- real life results on what approaches perform better for them in their situation
- related experiences from other companies

Get in touch with us to explore how this project could be run for your company – and discover your immediate benefits



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