

Forced Labour

IHRB Briefing

May 2016



What is forced labour?

The term 'forced labour' means any situation in which persons are coerced to work through the use of violence, intimidation or threat of penalty.

Many of the products we buy were made using forced labour at some stage of their production. This might be in production of the raw materials, in the processing of component parts, or the manufacture of the final product. Long and many-tiered supply chains mean undertaking checks on all stages of production is very difficult. These products of forced labour can therefore be found even in the goods sold by leading companies and well-known brands.

ILO Indicators of Forced Labour

- Physical or sexual violence (threat of and/or actual harm)
- Restriction on movement
- Bonded labour
- Withholding of wages
- Retention of passports and identity documents
- Threat of denunciation to the authorities

Why should companies address forced labour in their supply chains?

Customers and consumers are increasingly asking questions about company commitments to forced labour in their operations.

Governments are adopting regulations to try to combat forced labour. These typically take the form of reporting requirements for companies to outline the steps they have taken to prevent it occurring.

Investors are reviewing companies' ethical practices to filter their investments. Activist shareholders are targeting companies over poor business practices.

“Forced labour” or “modern slavery”?

Modern slavery is a term increasingly used to describe forced labour and trafficking. The use of the word slavery, which is loaded with connotations, has advantages and disadvantages.

It helps to galvanize governments, business, and civil society to demand change, to amend laws, and to prosecute those involved. But this same rhetoric conjures images of the worst visions of slavery, of imprisonment, of padlocks and chains. The reality is

that modern slavery seldom resembles this. Instead it involves the exploitation of vulnerabilities, is often financial in nature, and is an integral part of many supply chains.

The extreme vision of slavery can therefore serve to divert attention from the reality and from the business models that make exploitation a systemic issue in a range of sectors.

How do company practices increase the likelihood of forced labour in some supply chains?

Companies typically use large number of suppliers who compete with each other to supply them with goods and services. Buying teams from companies seek to secure the products they want at a particular quality and price to a given timescale. Buying practices and operating procedures however can increase the likelihood of their goods being produced in ways which may make exploitation, including forced labour, more likely.

Price

All companies are seeking to source their products at a price which, when sold, deliver value to their customers and profits to their shareholders. However, when suppliers to those companies compete on price it can mean that their margins are squeezed so tightly that they are unable to compete without exploiting either their own workers or those at another company.

Subcontracting

Some suppliers will subcontract the production of goods to other facilities where standards cannot be effectively monitored and exploitation including forced labour may be present. Rush orders and late changes to specifications can make such subcontracting more likely and oversight of production less effective or impossible.

Lack of Long-Term Contracts

Lack of longer term partnerships and commitments to supplier factories make it harder for them to develop effective management processes, invest in modern equipment and employ and train staff on decent terms and conditions.

Payment of Recruitment Fees by Migrant Workers

Many migrant workers will pay large recruitment fees to agencies and other intermediaries to secure employment abroad. This can leave them in situations of debt bondage, an indicator of forced labour, whatever the subsequent conditions of employment.

Outsourced Labour Arrangements

Some industries, particularly seasonal ones such as agriculture, have traditionally used labour supplied, managed and paid by labour brokers or gangmasters. The increased use of employment agencies in many sectors has seen these arrangements spread to other industries. Outsourced labour arrangements can distance a company from its workforce, add pressure on their terms and conditions of work and can lead to situations of exploitation and forced labour.

Lack of Trade Unions

The absence of effective trade unions at supplier companies means that exploitative practices and situations of forced labour are far less likely to be noticed, prevented, challenged and remedied.



ILO Facts and Figures (2015)

Nearly **21 million** people – three out of every 1,000 people worldwide – are victims of forced labour across the world, trapped in jobs which they were coerced or deceived into and which they cannot leave.

Of those, **11.4 million** are women and girls and **9.5 million** men and boys.

Almost **19 million** victims are exploited by private individuals or enterprises.

Over **2 million** are exploited by the state or rebel groups.

Forced labour in the private economy generates **US \$150 billion in illegal profits** per year.

Migrant workers and **indigenous people** are particularly vulnerable to forced labour.

"It is up to each and every one of us to raise our voice against crimes that deprive countless victims of their liberty, dignity and human rights. We have to work together to realize the equal rights promised to all by the United Nations Charter. And we must collectively give meaning to the words of the Universal Declaration of Human Rights that "no one shall be held in slavery or servitude"

Ban Ki-moon,
Secretary-General of
the United Nations



Who are the most likely to be subjected to forced labour?

Workers performing low skilled, low waged tasks are the most likely to be subjected to forced labour. These workers are often poorly educated and often lack decent work options.

These workers are often subject to discrimination based on class, caste, religion, nationality or gender. This can make them more likely to be exploited and less able to access remedy.

Which industries are affected?

Forced labour is usually found in labour intensive industries where regulation or legal enforcement is often weak, such as:

- Agriculture
- Mining
- Fishing
- Quarrying
- Hospitality
- Brick Kilns
- Construction
- Manufacturing

Key Resources on Forced Labour and Human Trafficking

Staff Wanted Initiative

SEE Formula

<http://www.staff-wanted.org/>

ILO Special Action Programme to Combat Forced Labour

Indicators of Forced Labour

http://www.ilo.org/global/topics/forced-labour/publications/WCMS_101171/lang-en/index.htm

Stronger Together

<http://stronger2gether.org/>

Verite & US State Dept

Strengthening Protections Against Trafficking in Persons in Federal and Corporate Supply Chains

<http://www.state.gov/documents/organization/237137.pdf>

Verite

E-learning Modules on Forced Labour and Human Trafficking

<http://verite.org/research/elearning>

International Labour Organisation (ILO)

Combating forced labour: A handbook for employers and business

http://www.ilo.org/global/topics/forced-labour/publications/WCMS_101171/lang-en/index.htm

Trafficking In Persons Report (TIP)

Every year the US Government produces an annual report ranking countries on efforts to combat forced labour and trafficking

<http://www.state.gov/j/tip/rls/tiprpt/>

International Organisation of Employers (IOE)

Forced Labour – Why it is an issue for employers

http://www.ioe-emp.org/fileadmin/ioe_documents/publications/Policy%20Areas/forced_labour/EN/%282010%29_IOE_Guide%20Why_Force%20Labour_is_an_issue_for_employers.pdf

Flex – Labour Exploitation Accountability Hub

A database of legal mechanisms for individual and corporate accountability for human trafficking and forced labour around the world

www.accountabilityhub.org

DhakaPrinciples
for migration with dignity

The Dhaka Principles are a set of rights-based principles to enhance respect for the rights of migrant workers from the moment of recruitment, during overseas employment, through to safe return to their home countries.

Core Principle A

All workers are treated equally and without discrimination

Core Principle B

All workers enjoy the protection of employment law

Principle 1 No fees are charged to workers

Principle 2 All worker contracts are clear and transparent

Principle 3 Policies and procedures are inclusive

Principle 4 No workers' passports or identity documents are retained

Principle 5 Wages are paid regularly, directly and on time

Principle 6 The right to worker representation is respected

Principle 7 Working conditions are safe and decent

Principle 8 Living conditions are safe and decent

Principle 9 Access to remedy is provided

Principle 10 Freedom to change employment is respected, and safe, timely return is guaranteed

www.dhakaprinciples.org



Top 10 Business & Human Rights Issues for 2016

Forced labour was one of IHRB’s Top 10 Issues for 2016, the other nine were:

Battling Discrimination: Sustained Business Action Key to Valuing Diverse Societies

Embracing Remedy: From ‘Forgotten Pillar’ to Key Tool in Identifying, Monitoring and Preventing Impacts

Big Data, Big Business: Raising Awareness of Rights Implications and Ensuring Protections

Leading by Example: Aligning States’ Policies and Implementing Due Diligence as Economic Actors

Righting Climate Wrongs: Business, Human Rights and Climate Justice

Mind the Gap: Implementing the UN Sustainable Development Goals

Defending Defenders: A Role for Business in Championing Civil Society

From Theory to Practice: New Levels of Human Rights Transparency and Measuring Corporate Performance

Rising to the Occasion: Making 2016 an Olympic Year for Human Rights and Mega-Sporting Events

www.ihrb.org/top10/2016.html

Key Standards on Business, Human Rights and Forced Labour

The UN Guiding Principles on Business and Human Rights

The UN Guiding Principles on Business and Human Rights (UNGPs) provide an authoritative framework for companies to operationalise and embed policies and practice to prevent forced labour consistent with international human rights standards.

The UNGP expectation for companies to undertake ongoing human rights due diligence requires far more than social auditing. Consultation with trade unions or other worker representatives, as well as ensuring access to effective grievance mechanisms are critical.

Companies can work with business partners to integrate responsible business practices through the inclusion of policy commitments or codes of conduct within contractual arrangements.

Companies can increase the effectiveness of their own actions to prevent forced labour by collaborating with their peer companies within trade bodies, other partnerships or in broader multi-stakeholder initiatives. This can also increase their leverage with government to help ensure effective regulation and enforcement activity.

The California Transparency Act 2010

The California Transparency Act places anti-slavery reporting requirements on all companies operating in the state with a turnover in excess of \$100 million to report on their prevention efforts.

Protections Against Trafficking in Persons in Federal Contracts

The executive order improves safeguards for workers and places clear prohibitions on business practices likely to include forced labour and trafficking in US Government supply chains.

The UK Modern Slavery Act 2015

The UK Modern Slavery Act was adopted in 2015 to clarify and consolidate offences related to modern slavery.

It places anti-slavery reporting requirements on all companies with UK operations with turnover in excess of £36 million.

The ILO Protocol on Forced Labour 2014

In June 2014 the International Labour Organisation (ILO) adopted a new legally binding protocol to eliminate forced labour.

The protocol clearly lays out the expectations on governments to tackle modern slavery in all its forms through developing and enforcing effective legislation.

The protocol specifically notes the importance of governments working with the private business to eradicate forced labour.