Bali Process
Government &
Business Forum

THE NUSA DUA FORUM
GUIDE TO IMPLEMENTATION
OF THE AAA BY BUSINESS
6 - 7 AUGUST 2018

OVERVIEW

This Guide is designed to assist businesses participating in the Bali Process Government and Business Forum with practical examples to implement the AAA Recommendations (2018). This Guide is not designed to be prescriptive or exhaustive, but rather suggested starting point for resources, tools and guidelines only for those businesses interested in finding out more.[1]

Modern slavery affects every country and permeates all economic sectors. Modern slavery exists on a complex spectrum of poor labour rights to the extreme abusive cases of servitude.
It undermines global security and trade networks. No country, industry or business is immune. There are an estimated 40.3 million victims of modern slavery globally.[2] Over 60% of all victims are in Asia and the Pacific region, where the prevalence of forced labour is the highest.

In this Guide, modern slavery is used as an umbrella term to refer to a range of poor and abusive labour practices including all forms of human trafficking, forced labour, debt bondage and the worst forms of child labour. It is not a legal term but is used as an umbrella term that focuses attention on the commonalities across these concepts. Essentially, it refers to situations of exploitation, that a person cannot refuse or leave because of threats, violence, coercion, abuse of power, or deception. The net result is that a person cannot refuse or leave the situation.

Businesses and governments in G20 countries are importing products that are at risk of modern slavery on a massive scale, valued at US$354 billion worth of at-risk products annually. Evidence is clear and compelling that effectively business and government are importing and trading the proceeds of crime. Unravelling the trade flows and focusing on products at risk shows that even the wealthiest countries have a clear and immediate responsibility for responding to modern slavery both domestically and beyond their borders.

Modern slavery is a symptom of some of the most challenging issues facing the world today. Corruption, money laundering, conflict, climate change, poverty and lack of education are just some of many contributing factors.

MODERN SLAVERY

Trafficking for labour and sexual exploitation

Forced labour

Human trafficking
(cross border and within a country)

Forced labour as a result of forced marriage

Slavery and slavery like practices
(including forced marriage)

Trafficking for slavery and slavery like practices

Modern slavery is tied closely to corruption

Modern slavery is not only an illicit activity, but it a corruptor of critical institutions. Modern slavery reduces governance and institutional quality worldwide.

Modern slavery undermines the benefits of economic growth for everyone

While it economically benefits individual enslavers, modern slavery undermines the social benefits of economic growth by creating inefficient labor markets, depressed wage rates, and significant social costs.

Modern slavery fuels insecurity

Modern slavery is one of the fastest-growing areas of transnational crime markets, estimated in 2014 to generate approximately US$150.2 billion in profits each year.[3] This puts these activities in the same class as drug trafficking, arms trafficking, and the illegal trade in organs.

Underlying it all is a complex web of behaviour, where sometimes those committing the abusive labour practices, or in the worst forms criminal activity, have turned to cruel and desperate measures to survive themselves.

THE ROLE OF BUSINESS

Businesses are primarily responsible for two linked but separate activities. First, businesses can de-risk their own operations and supply chains. Secondly, businesses have a role to collaborate with each other, and with governments. This could include through awareness raising, sharing actionable intelligence and working with governments to develop well-informed policy and laws in the region. Business efforts should be protected with appropriate safe harbours, so that doing the right thing is free from legal risk, and to recognise that it is not only the right thing to do, but it makes business sense.

THE ROLE OF GOVERNMENT

Governments have a crucial role to play against any underlying organised criminal networks. Governments are primarily responsible for establishing and maintaining the domestic and transnational frameworks for enforcement, the incentive structure to drive adoption by the private sector, and for enforcement itself. The primary incentive for engaged governments is mitigating modern slavery as a corrupting force that hampers economic growth and undermines national security.

THE AAA RECOMMENDATIONS

The Acknowledge, Act and Advance Recommendations (AAA Recommendations) set out a pathway for both business and government to contribute to the eradication of modern slavery.

PILLAR 1

ACKNOWLEDGE encourages deeper understanding by business and government of the scale of, and challenges associated with these domestic and transnational crimes. These crimes also undermine economic growth by contributing to inefficient labour markets, depressing wage rates and causing significant social costs. Consumer and investor choice is also increasingly driven by ethical considerations.

PILLAR 2

ACT encourages businesses to implement ethical business practices and governments to strengthen policy and legislative frameworks. Clear and consistent policies and legislation also offer an attractive investment destination for business. Consistency across jurisdictions will encourage business to act.

PILLAR 3

ADVANCE recognises that the Government and Business Forum is at a pivotal stage of development. The Government and Business Forum's Business Co-Chairs and Secretariat will develop a governance framework that ensures the ongoing sustainability and effectiveness of the Forum.

BUSINESS AAA RECOMMENDATIONS

ACKNOWLEDGE

1. Deepen understanding within their own organisations and supply chains, through dedicated resources, training and capability development.
2. Conduct ongoing risk assessments and take steps to manage risk in accordance with best practice.

ACT

1. Improve supply chain transparency.
2. Implement ethical and transparent recruitment practices.
3. Strengthen internal codes of conduct, contractual terms, procedures and policies that offer safeguards and avenues for redress for workers impacted by forced labour and related transnational crimes.

ADVANCE

1. Establish a governance framework which ensures sustainability and effectiveness of the Government and Business Forum.
2. Promote the business case for taking action, including through research and case studies.
3. Encourage other businesses to take action, including through engagement with the Government and Business Forum.

ACKNOWLEDGE: RECOMMENDATION 1
DEEPEN UNDERSTANDING

Deepen understanding within your own organisations and supply chains, through dedicated resources, training and capability development.

Most of businesses in the region are not aware that slavery persists within supply chains or do not understand what modern slavery means. Modern slavery is not something that many directors consider as a relevant risk, let alone a responsibility of business to address.

The first crucial stage is for businesses, across all sectors and regions, to deepen the understanding of the issue and act to address it within their spheres of influence, acting proportionately to the risk.

The **Pillar 1 Business Recommendations** recognise that businesses can leverage their partnerships and collaborate to bring about greater impact and change. Commercial influence can be exerted over issues such as deadlines, due diligence, price, contracts, production processes, working conditions and quality control.

Training for employees is vital to improve understanding, identification, prevention and remediation of modern slavery in supply chains.

Efforts to deepen the understanding of workers' rights and how to access decent and safe work is also fundamental. Many workers simply do not know how to access safe migration corridors, understand their rights, access decent work or access remedy. Common misconceptions, often based on deliberate deception by unscrupulous recruiters, include that workers believe that to secure "good work" they need to pay significant fees and incur debt. Workers need to be educated about their rights at work and how to access safeguards and grievance mechanisms (access to justice). To combat these deceptions by recruiters, grassroot campaigns needs to focus on local communities and schools in collaboration with civil society and trade unions. More work needs to be invested in understanding what works best in disseminating information about rights, focusing on hot-spot regions for human trafficking activity. Understanding the red flags and early warning signs is crucial.

In parallel to these efforts, the **Pillar 1 Government Recommendations** recognise the important role of governments to roll out education and awareness campaigns internally and promote greater awareness of how the criminal practices of modern slavery are connected to wider issues of instability, global security and trade. The Bali Process Government and Business Forum also provides collaborative opportunities for further education and capacity building efforts and learning from the best practice of leading businesses (including those Bali Process Global Business Partners).

Global Slavery Index 2018 report

The Global Slavery Index 2018 estimates that globally 40.3 million people were victims of modern slavery in 2016. The risk of forced labour and slavery-like practices varies both inter-regionally and internationally. It provides a country by country estimate of people living in modern slavery globally and assesses what governments are doing to combat this crime. For the first time, this edition of the Global Slavery Index also presents an analysis of products at risk of being produced under conditions of modern slavery in certain source countries, imported by G20 countries. The Global Slavery Index report can be a useful tool for your business to get a general understanding of modern slavery risk on a regional, country and sector level.

↓ Find out more here: Global Slavery Index — Downloads
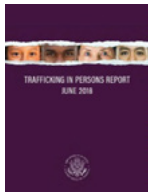
Trafficking in Persons (TIP) report

The US Department of State Trafficking in Persons (TIP) report provides country by country assessment of nature and scope of trafficking and government's efforts to eliminate human trafficking. It is a helpful tool to help you understand the nature of the risk your business may be facing. The 2018

↓ Find out more here: TIP Report 2018

US Department of Labor List of Goods Produced by Child or Forced Labour

The US Department of Labor's Bureau of International Labor Affairs maintains a list of goods and their source countries which may be produced by child labour or forced labour. This can help you understand your risk of forced labour across sectors.

↓ Find out more here: US Department of Labor — List of Goods

International Organization for Migration's (IOM) CREST program – training

CREST (Corporate Responsibility in Eliminating Slavery and Trafficking) is a program that is designed to help businesses and their suppliers uphold the labour and human rights of workers, particularly migrant workers in their operations and supply chains.

It is centered around three pillars of work, two of which focus on training:

(1) training for managers and workers on ways to reduce risk of modern slavery in their operations and supply chain management,

(2) training for prospective labour migrants at the pre-departure and post-arrival/orientation stage.

↓ Find out more here: IOM Crest Program

ACKNOWLEDGE: RECOMMENDATION 2

RISK ASSESSMENT

Conduct ongoing risk assessments and take steps to manage risks in accordance with best practice.

This recommendation recognises that there is an important role to be played by business to identify and manage risks within their operations and supply chains.

Taking action to understand business risk

Risk assessments can include audits, site inspections, interviews and a range of other internal and external assessment procedures.

Third party audits can be used to evaluate the efficacy of suppliers and recruiters' control systems for risks. They can be used to verify suppliers' practices and performances in line with the business's code of conduct against modern slavery. Audits typically involve detailed observations of working conditions, interviews with managers and workers, and checks
and reviews of policies and systems in place to protect workers from slavery. Onsite inspections and assessments aim to investigate in more detail specific slavery risks identified through the risk assessment activities.

This includes:

- Checking how workers' documents are stored and held
- Investigating supplier's recruitment processes
- Interviewing workers to verify freedom of movement and checks personal documents, wage records and overtime
- Extend to checking recruiters to ensure workers have proper contracts
- Check contracts are translated into appropriate languages

Trust-based relationships between suppliers, firms and high-skilled auditors help improve suppliers' internal management systems and is a more effective strategy than spot-check auditing. The wide range of private auditing businesses, consultants and NGOs offering auditing services can be overwhelming. Whether choosing for-profit or not-for-profit auditing businesses, it is important to ensure that best quality auditors are selected.

Verité

Verité is a global, independent, non-profit organisation that conducts research, advocacy, consulting, trainings, and audits and assessments to provide insights into working conditions in global supply chains.

⤓ Find out more here: Verité

Verité's grievance mechanism tools can help determine the necessary elements of a robust and effective grievance mechanism and give some examples of types of grievance mechanisms and their functions. Grievance mechanisms should be tailored to fit the environment, workforce demographics, and operations of the individual business.

⤓ Find out more here: Verité — Establishing Effective Grievance Mechanisms

Responsible Sourcing Tool

The 'Responsible Sourcing Tool' is a collaborative resource from the United States' State Department's Office to Monitor and Combat Trafficking in Persons, Verité, Made in a Free World, and the Aspen Institute which provides a range of tools and cases studies which can help business assess supply chain risk.

⤓ Find out more here: Responsible Sourcing Tool

Responsible Business Alliance

The Responsible Business Alliance (RBA) is the world's largest industry coalition dedicated to electronics supply chain responsibility, comprising more than 125 businesses. It aims to support the rights and wellbeing of workers and communities to achieve a responsible global electronics supply chain. RBA members commit and are held accountable to common core standards and are also provided with training and risk assessment tools.

⤓ Find out more here: Responsible Business Alliance

Labor Voices - Remediation/Grievances

Labor Voices is an online worker reporting business that connects workers in supply chains to buyers via their mobile phones. Labor Voices conduct random polling of working conditions inside factories and workers are able to report grievances back to Labor Voices. Staff at Labor Voices then verify the reported grievance by consulting other workers in the production unit. Data collected from workers via their mobile phone is used to provide businesses with ongoing metrics on working conditions in their supply chain. Labor Voices also conduct interviews with workers and provide information to workers on their rights.

⤓ Find out more here: Labor Voices

Association of Professional Social Compliance Auditors (APSCA)

APSCA was created to enhance the professionalism, consistency and credibility of individual auditors and organisations performing independent social compliance audits, and to promote the use of independent social compliance audits as a tool to advance workplace conditions for workers globally. APSCA's certification process ensures auditors have consistent training, education, background checks, and demonstrated competencies which are standard requirements in comparable professional auditor associations.

APSCA comes at a time when supply chains are becoming increasingly global and consequently the demand for social compliance audits will continue to increase. The founding members of APSCA are leading social compliance firms, including Arche Advisors, Bureau Veritas, ELEVATE, Intertek, SGS, RINA, TUV Rheinland, TUV Sud, and UL. The work is being overseen by IFIA and APSCA is currently a committee of IFIA.

⤓ Find out more here: APSCA

Phuket, Thailand. A migrant worker unloading fish on the mainland in Phuket. It is not just men who work in the fishing industry, women and girls are involved in activities including sorting, peeling, and canning to produce the final product.

Photo credit: Jonas Gratzer/ LightRocket via Getty Images.

ACT: RECOMMENDATION 1
SUPPLY CHAIN TRANSPARENCY

Improve supply chain transparency.

Modern slavery affects every country, region, business, and for many large businesses – their supply chains. Global supply chains are inherently complex, diverse, dynamic and ever evolving. When poorly managed, the demand for cheap labour, lack of visibility, dynamics of production in informal unregulated markets can have negative and devastating impacts, including modern slavery. Modern slavery can be hard to immediately identify in supply chains for reasons including workers' fear of recrimination, limited visibility across complex multi-tier supply chains, missing paper trails, restrictions on audit rights and deceptive conduct by suppliers. Increasingly, modern slavery is a pre-competitive issue for business.

What can business do?

Businesses must collaborate to bring about long-lasting impactful change. The focus is on how leading large business, at the top of the supply chains, can influence and apply leverage to promote best practices across industries and supply chains. Businesses can leverage its partnerships and collaborate to bring about greater impact and change.

Publish a modern slavery statement

Public reporting on supply chains has proven to be a powerful tool to encourage transparency, and for business to take proportionate action, tailored to the industry and sector. Currently most reporting efforts have been voluntarily driven, with mandatory reporting laws only currently in California, UK and emerging in Australia. Modern slavery statements are designed to promote greater transparency across a range of sectors, which can be monitored by the public, civil society and other businesses as a catalyst for change.

Key components of the statement include:
- Overview of the company
- Organisational structure; location of operation and suppliers
- Training and capacity building activities
- Policies & procedures on the issue
- Risk assessment & actions

Reporting requirements (voluntary and mandatory) are being deliberately designed to move away from the old "name and shame" paradigm, but rather encourage (and protect) businesses to look.

Business want government to drive a level playing field

Business also endorse formalised reporting through legislation such as the UK Modern Slavery Act. The UK Act which was one of the first laws requiring businesses, from around the world, to report annually on the actions that they are undertaking each year to tackle modern slavery in their operations and supply chains. Business strongly supports the introduction of legislation and its enforcement in areas of supply chain reporting.

RECOMMENDATION 1

EXAMPLE TOOLS

Writing your first modern slavery statement

The Secretariat has provided an informal guide for those businesses who are not legally obliged to produce a modern slavery statement under existing laws, but wish to voluntarily publish a statement outlining their commitment to address these issues.

⬇ Find out more here: Bali Process Business — Resources

Sedex

Sedex is a global non-profit membership organisation that helps businesses manage and enhance transparency in their supply chain. They provide a collaborative online platform where members can collect and share audit data and map risk in their supply chain.

⬇ Find out more here: Sedex Global

Business & Human Rights Resource Centre (BHRRC) - Modern Slavery Reporting: Case Studies of Leading Practice

The purpose of this BHRRC report is to provide examples of good practice from statements produced by organisations reporting under Section 54 of the UK Modern Slavery Act. This report details BHRC benchmarking of the FTSE 100 businesses' statements and highlights serious gaps where few or no businesses are performing well. It summarises best practice and identifies the gaps, to encourage informed engagement with businesses by investors, civil society, and governments; and facilitate informed reflection within businesses regarding their next steps to eliminate modern slavery from their operations and supply chains.

⬇ Find out more here: BHHRC — Modern Slavery Act Positive Actions

GRI Standards

The GRI Standards are a starting point for reporting on modern slavery aligned with the globally most-widely adopted approach for sustainability reporting. The GRI Standards offer businesses a standardized frame for sustainability reporting, which businesses can use to report their management approach and impacts regarding modern slavery, in terms of their operations as well as their supply chain. The Standards offer several disclosures through which a business can communicate to its stakeholders if and how the topic of modern slavery has been considered in the materiality exercise to identify whether it is a material topic, including how stakeholders were consulted. In identifying whether modern slavery is a material topic, the GRI Standards suggest several factors to take into account. Furthermore, reporting businesses can use the GRI Standards to share standardized information with their stakeholders on their management approach for modern slavery.

⬇ Find out more here: Global Reporting Initiative

ETHICAL RECRUITMENT

Implement ethical and transparent recruitment practices

Labour mobility is a major part of an increasingly dynamic and globalised world. There are an estimated 232 million international migrants globally, 150 million of these are migrant workers. Asia-Pacific hosts 17.2 percent of migrant workers worldwide (25.8 million people).[4] Migrant workers are vulnerable to exploitation, particularly in circumstances of informal, seasonal or other low to medium skilled roles. Lack of education, linguistic barriers, age, gender and culture can exacerbate vulnerabilities of migrant workers. The labour market for low skilled roles is often also highly competitive as there are more workers than there are jobs. Migrant workers also frequently have less bargaining power, exploited under threats of deportation. Dirty, dangerous and degrading work sectors are often poorly regulated, leaving workers vulnerable to exploitation. Together, these factors can lead to fraud and abuse, and in the worst cases, modern slavery.

Frequently the exploitation of migrant workers occurs at the hands of third party recruitment agents (sometimes known as private employment services), both legally licensed and unlicensed. Recruitment agencies play a key role in the globalised world to bridge the gap between job seekers and employers. They can help provide entry points into employment, match labour supply and demand, guide workers through immigration policies, and provide information about living and working conditions. Yet, while many work in good faith, others deliberately exploit and mislead. Indicators of exploitation include:

- **Placement Fees** – excessive charging, early collection or failure to issue receipts for payments are common recruitment irregularities. Unscrupulous agents exploit migrant workers by charging excessive fees.

- **Indirect Fees** – loans, salary deduction schemes, unreasonable payment terms, fees upon return home or other deployment costs are examples of indirect fees, which can be far more than wages earnt by workers.

- **Freedom of Movement** – removing ID documents (e.g. passports), permanently or temporarily, or otherwise using threat of deportation for exploitative purposes. Ethical employers understand that, despite concerns about "flight risks" of workers, rather than removing passports it must provide other incentives to keep workers satisfied with their jobs.

Business case for ethical recruitment

Ethical recruitment protects the brand and reputation of a company. Ethical recruitment is also more cost effective for clients over time as it reduces staff turnover, increases efficiencies, improves productivity and results in fewer workplace grievances. Unscrupulous businesses lower the quality of services and undercut fair competition of providers with ethical policies.

Enhanced labour laws are needed in the region to protect all workers and develop clear minimum standards for ethical recruitment, establish safe migration pathways and eradicate deceptive recruitment. There is also a need for a coordinated system of access to ethical recruitment agencies, such as establishing a coordinated cross border licensing regime for recruiters.

Responsible Recruitment – IHRB

IHRB provide several practical resources, tools and guides for businesses seeking to implement the Employer Pays Principle and the Dhaka Principles on Migration with Dignity.

⤓ Find out more here: Six Steps to Responsible Recruitment
The Increasing Debt Burden
Briefing Note - Recruitment Fees

CGF 3 Industry Principles

The Consumer Goods Forum have identified three of the most problematic, yet often common employment practices across the world that can lead to cases of forced labour.

To counter these three practices, they produced the Priority Industry Principles, to encourage the necessary changes to eliminate forced labour. CGF members are working to uphold these practices in their own operations and use their collective voice to promote the adoption of these priority principles industry-wide. The 3 principles are:

1. Every worker should have freedom of movement
2. No worker should pay for a job
3. No worker should be indebted or coerced to work

⤓ Find out more here: CGF — Priority Industry Principles

International Organization for Migration's (IOM) CREST program

Pillar 3 of the IOM's CREST program focusses on ethical recruitment techniques and support. It helps businesses to identify risks and develop mitigation strategies to prevent abuse at the recruitment stage. IOM also supports businesses in reviewing employment contracts and implementing the 'employer pays principle' of recruitment.

⤓ Find out more here: IOM Crest Program

Verité and Manpower Group- Ethical Framework for Cross-Border Labour Recruitment

Verité has set out a set of practical, operational practices for recruitment firms that operate across borders. These practices are reinforced by a Verification and Certification system to document compliance and provide essential information to third parties and potential business partners.

⤓ Find out more here: Verité and Manpower Group — Ethical Framework Paper

ACT: RECOMMENDATION 3
STRENGTHEN CODES OF CONDUCT

Strengthen internal codes of conduct, contractual terms, procedures and policies that offer safeguards and avenues for redress for workers impacted by forced labour and related transnational crimes.

Many businesses have well established code of conducts, contractual terms and policies to address many risks across business operations, together with providing access to justice for any workers affected by these crimes.

Reviewing and updating the processes is a continual journey, particularly as laws and guidelines are rapidly developing. Just as no business can be expected to rid its supply chains of modern slavery overnight, suppliers will also need time to adjust to new requirements. Working with suppliers, to continually drive up best practice standards, is also a continuous journey.

Leaders have an important role to ensure executive leadership commitments are not only reflected in policies and codes of conducts but clearly communicated and implemented throughout the organisation and supply chains.

Responsible Recruitment and Social Compliance Tools from BSCI

The Business Social Compliance Initiative (BSCI) is a leading supply chain management system that works to tackle these challenges by offering one common code of conduct and one single implementation system to enable all businesses sourcing a range of products from all countries to collectively address the complex labour issues of their supply chain. BSCI is not an auditing company nor an accreditation system.

⤓ Find out more here: Amfori BSCI — What We Do

Responsible Sourcing Tool – Sample Code of Conduct

The Responsible Sourcing Tool provides a Sample Code of Conduct Provisions" which can be used by any business as they consider how best to create, strengthen or revise their own supply chain policies. The sample Code provision addresses factors that are "enablers" or contributors to situations or risks of human trafficking but is not intended to ensure compliance with specific legal requirements. Specific compliance requirements should be detailed in the terms and conditions of contracts with subcontractors, suppliers and agents.

⤓ Find out more here: Responsible Sourcing Tool — Code of Conduct

Walk Free Toolkit "Tackling modern slavery in supply chains"

This handbook provides basic guidance for businesses that are looking to eliminate the risk of modern slavery occurring in their supply chains, including resources on code of conduct, risk assessment, audits and corrective action and remediation.

⤓ Find out more here: Walk Free Foundation — Resources

Know the Chain – Resource and Action Guide for ICT Companies (2016)

KnowTheChain is a resource for businesses and investors to understand and address forced labour risks within their global supply chains. Benchmarking is used as a tool to identify and share best practices, and as a way to harness the competitive nature of markets to create a "race to the top" that encourages businesses to adopt standards and practices that protect worker's well-being. KnowTheChain aims to inform businesses' and investors' decision-making, and enable businesses to operate more transparent and responsible supply chains.

⤓ Find out more here: KnowTheChain — Benchmarks
2016 Food & Beverage Benchmark & Company Action Guide
2016 Apparel & Footwear Benchmark & Company Action Guide
2018 Information & Communications Technology Benchmark & Company Action Guide

ADVANCE: RECOMMENDATION 1
GOVERNANCE

Establish a governance framework which ensures sustainability and effectiveness of the Government and Business Forum.

The Bali Process Government and Business Forum provides a unique platform for regional collaboration between the private and public sectors to address the crimes of modern slavery, human trafficking and forced labour. This Forum builds upon a well-established array of initiatives, forums and programmes tackling the crimes of modern slavery globally.

This recommendation is about ensuring the Forum establishes a governance framework to ensure its sustainability and effectiveness to generate meaningful impact in the region. Business have an ability to be nimble, quick to act and where appropriate, push the boundaries and stimulate innovation. A governance structure must allow these features to flourish and promote entrepreneurship, rather than create bureaucracy and rigid procedure.

The Bali Process Government and Business Forum is a new initiative of the well-established Bali Process on People Smuggling, Trafficking in Persons and Related Transnational Crimes.

With 45-member states, and access to a network of senior business and political leadership, this Forum has been deliberately designed to harness the power of top level down leadership within the region to create a 'tipping point' in changes of behaviour that will end modern slavery. To reach this tipping point, a sustainable governance framework is needed for the Government and Business Forum, that aligns with the existing Bali Process protocol. There are many strategic questions that need extensive consultation with all stakeholders, as listed below.

For example, these questions may include:

- Role, appointment and term of Business Co-Chairs and the Secretariat
- Secretariat term and appointment (including multi-secretariats in hubs across regions)
- Funding contributions and budget
- Communications, branding, and agreed terminology
- Selection criteria for Business Leaders and terms of engagement – e.g. time commitment, responsibilities, funding, appointment, removal etc.
- Role of business from non-member states
- Establishment of an alumni network
- How success and impact will be measured, e.g. agreed KPIs, accountability & ongoing monitoring
- Interaction with other regional frameworks
- Frequency of official meetings and working groups, including preferred locations
- Decision making processes and dispute resolution management

Consultations will need to consider what are the drivers for government and business support, what will keep leaders engaged and how to best utilise the talent pool that has been drawn together.

The Business Co-chairs and the Secretariat welcome feedback, suggestions and recommendations from all participating businesses, advisors and stakeholders as part of these consultations.

Please send your feedback to info@baliprocessbusiness.org.

ADVANCE: RECOMMENDATION 2
BUSINESS CASE FOR ACTION

Promote the business case for taking action, including through research and case studies.

This recommendation recognises that while there is an indisputable case as to the moral reasons why modern slavery needs to be eradicated, to incentivise further and consistent action by both business and government, well-considered research and proven case studies are needed to address the economic and commercial reasons for combating it.

Leading ethical businesses are realising that ensuring supply chains are free from such exploitation is not only the right thing to do, but that it also makes good business sense to eradicate the negative impact of modern slavery. Ignoring these crimes exposes businesses to significant legal and reputational risks. Shareholders, investors and customers are demanding greater transparency, identification of risks and clearer standards for business conduct. Employees, particularly millennial talent, are attracted to working for ethical businesses. Yet, despite an increase in businesses taking steps to address modern slavery, the reality is that many businesses (and governments) are still asking *"why should we bother?"*. Others have a short termism approach, driven by crisis management or to meet quarterly reporting objectives.

To create the **business case for action**, cost-benefit analysis research is needed to verify reported benefits to business, such as the value of protecting brand reputation, reduced staff turnover, better efficiencies, improvement in quality and productivity and fewer workplace grievances. Well informed research, in combination with leadership and legal liability may provide the tools needed to generate widescale behavioural change in the region.

The **economic benefits** to eradicate modern slavery are well established. The International Labour Organization estimated in 2014 that modern slavery generates approximately US$150.2 billion in profits each year,[5] putting it alongside other severe criminal categories, such as drug trafficking, money laundering, arms trafficking and other illegal trades that generate revenue streams for criminal and terrorist organisations. As with many corrupt criminal practices, it undermines global security, suppresses the economy[6] and reduces sustainable development.[7] However modern slavery is not only hidden within the depths of criminal networks, but also occurs where legitimate industries meet informal economies.[8] Removing modern slavery can promote economic stability, provide attractive investment options for businesses and generate sustainable employment opportunities for workers.

Commissioned research could support wider efforts of the Sustainable Development Goals, most relevantly SDG 8, "Decent Work and Economic Growth," which focuses on promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.[9]

Taking into consideration the local country context and organisation, we encourage any business, advisor or stakeholder who has available data, to provide research, case studies or initiatives directly to the Secretariat. Any efforts to directly commission research to support this recommendation are welcomed.

ADVANCE: RECOMMENDATION 3
ENCOURAGE OTHER BUSINESS TO TAKE ACTION

Encourage other businesses to take action, including through engagement with the Government and Business Forum.

Business leaders have been appointed to represent countries because of the significant influence and expertise they garner domestically and throughout the region. This recommendation focuses on how the Government and Business Forum can continue to celebrate the leadership shown by the current businesses and encourage additional businesses within their networks to take action.

> "A tipping point is a point in time when a group – or a large number of group members – rapidly and dramatically changes its behaviour by widely adopting a previously rare practice"[10] – *Malcolm Gladwell*

Currently, many businesses are simply not aware of the risks of slavery and not prepared to collaborate among each other, let alone with government. This Forum is designed to create a tipping point to change behaviour in the region. Government can introduce gentle but strategic policy "nudges" to encourage a shift in behaviour that is simplified, attractive, builds on social norms and is timed well. Business can introduce "nudges" to change entrenched behaviour within their own organisations, business networks and sectors. There is a long road ahead, but the cumulative work of initiatives such as the Colombo Process, Triangle Project, ASEAN, ILO Global Business Network and others are promising signs that collective momentum is growing and the time to act is now. Behaviours are already being disrupted for other reasons, including new laws, emerging reputational risk, growing investor and consumer pressure.

> "A nudge is a means of encouraging a guiding behaviour without mandating or instructing, ideally without need for heavy financial incentives or sanctions"[11] – *David Halpern*

Starting events could include hosting local seminars and networking events within the region. For example, business leaders Rob Fyfe *(Special Advisor to VF Corporation, Former CEO of Icebreaker and Air NZ)* convened a meeting with leading businesses with the New Zealand Government. Similarly, business leader Greg Worthington-Eyre *(CEO, Trukai Industries)* also convened a seminar in Papua New Guinea to facilitate further dialogue. The crucial role of industry bodies and associations – through our strong network of Chamber of Commerce throughout Solomon Islands, Samoa, Kiribati, Bhutan, Mongolia –have a role to play in setting best practice standards for members, facilitating training and capacity building and ensuring all levels of businesses have opportunities to engage with the Forum.

Industry bodies, such as International Air Transport Association ("**IATA**") have taken steps in recent months. At their recent annual general meeting, IATA unanimously approved a resolution denouncing trafficking in persons, and committing to a number of actions related to anti-trafficking initiatives.[12] The resolution included calling for sharing of best practice standards, committing to training operational staff to assist with identification of victims, and calling upon government authorities to establish clear and practical mechanisms for reporting of potential activity in the air transport system.

There is no one size fit all next steps for this recommendation. Each business leader is encouraged, within his or her spheres of influence, to consider opportunities to encourage other businesses to take action.

ENDNOTES

All of the example tools outlined in this guide, and additional resources uploaded from time to time, are available for download on the Bali Process Business website: www.baliprocessbusiness.org

1   We have limited our recommendations to those civil society groups and international organisations currently advising on the Expert Panel, but there are a wealth of other initiatives and resources available beyond the initial starting point listed here, and the Secretariat will continue to keep this Guide updated as time goes on. We welcome any suggestions, feedback or recommendations to ensure this Guide stays relevant, useful and ultimately impactful.

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3   International Labour Organization 2014, 'Profits and poverty: The economics of forced labour', International Labour Office, Available from: http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_243391.pdf [27 July 2018]

4   International Labour Organization 2015, 'ILO global estimates on migrant workers: Results and methodology', International Labour Office, Available from: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_436343.pdf [27 July 2018].

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6   Dr James Cockayne 2015, 'Unshackling Development: why we need a global partnership to end modern slavery', The Freedom Fund and United Nations University. Available from: http://freedomfund.org/wp-content/uploads/Unshackling-Development-FINAL-FOR-EMAIL.pdf [26 April 2018].

7   As Above.

8   As Above.

9   United Nations 2015, 'Sustainable Development Goal 8', Available from: http://www.un.org/sustainabledevelopment/economic-growth/. [26 April 2018].

10 Malcolm Gladwell 2000, 'The Tipping Point: How Little Things Can Make a Big Difference', Little Brown and Company.

11 David Halpern 2015, 'Inside the Nudge Unit: How Small Changes can Make a Big Difference', Ebury Publishing.

12 International Air Transport Association (IATA) 2018, 'Airline Denounce Human Trafficking and Commit to Action', 5 June, Available from: https://www.iata.org/pressroom/pr/Pages/2018-06-05-03.aspx [26 July 2018].

NOTES
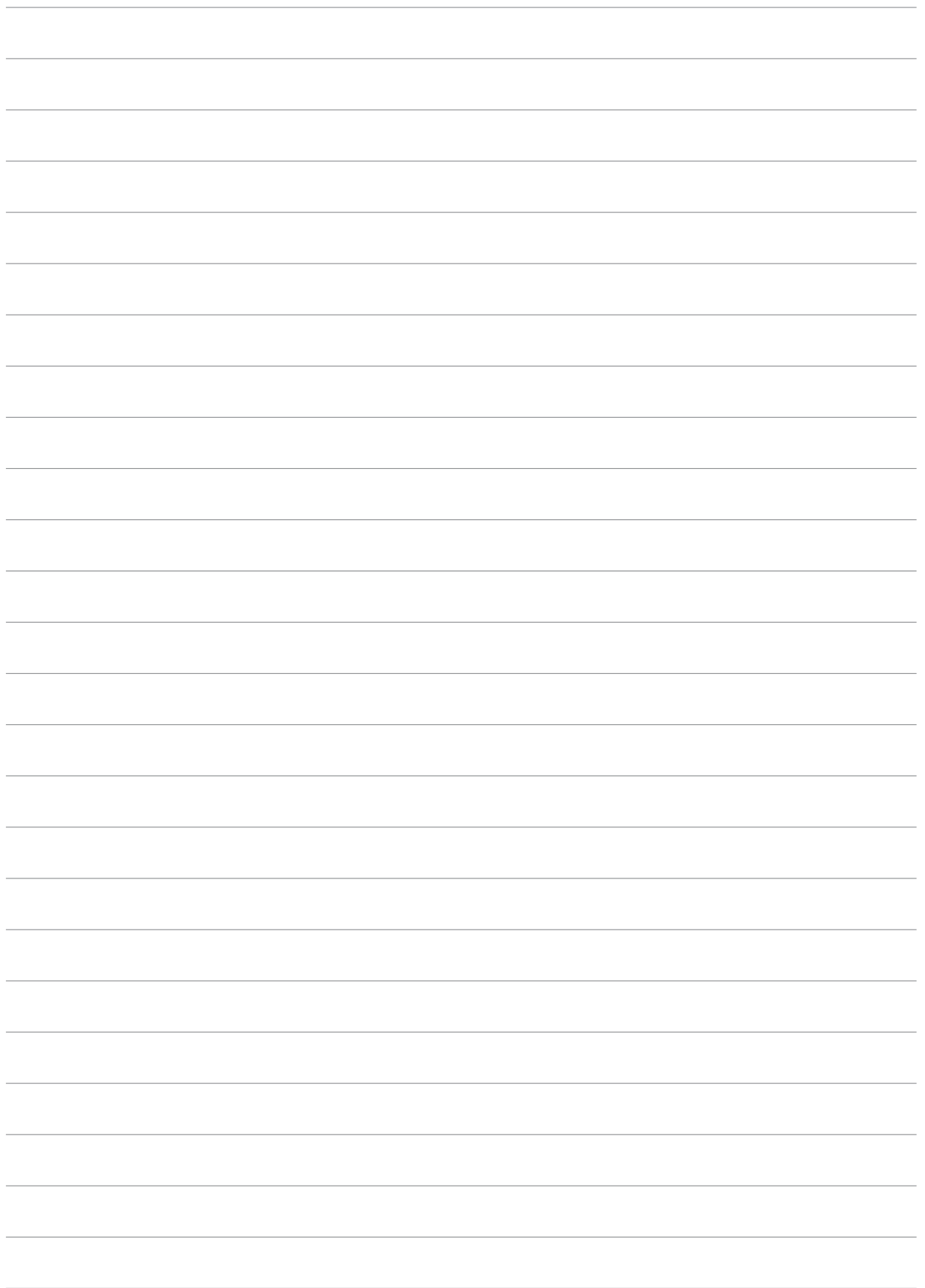
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