PROMOTING RESPONSIBLE RECOVERY

Detecting, Mitigating, & Remediating Modern Slavery in Supply Chains

Briefing note: Webinar One

Responding to COVID-19: What can companies do to promote responsible recovery?

Introduction to the series

This briefing forms part of a broader five session series of webinars standing to tackle contemporary issues impacting modern slavery in supply chains, calling for candid discussion and pragmatic solutions. The objectives being:

- Discuss pragmatic actions in modern slavery risk assessment, mitigation, and remediation

- Identify gaps in guidance, services, or products to address modern slavery in supply chains

- Produce briefing documents following each webinar with actionable recommendations for supply chain stakeholders

A full overview of the series is provided at:
www.gfems.org/event-webinar-series-responsible-recovery

About this webinar session[1]:

COVID-19 is significantly disrupting supply chains and the lives of workers who support them. When economies reopen and begin the recovery process, there is a risk that a significantly higher proportion of vulnerable workers will be subject to modern slavery as the private sector seeks to recoup revenue and revive the viability of their enterprises. Conversely, there is an opportunity for businesses to contribute to a responsible recovery, one in which they build a forward-looking system where protection against modern slavery is integral to operations.

Understanding the core issues at stake: A discussion

Since the COVID-19 pandemic manifested, with devastating health, social and economic consequences, the ILO estimates that more than **81% of people in the global workforce have been affected** and **two billion people in the informal sector lack the basic social protections** that formal employment provides. The International Monetary Fund (IMF), too, has noted that COVID-19 is having a greater negative impact on economic activity in the first half of 2020 than initially projected. By some estimates, the number of people facing hunger and poverty could more than double, with dashed hopes of achieving the sustainable development goals; and more than 90% of Protection Clusters, operational in countries with humanitarian needs which, in many cases, are also significant countries of production and/or a source of migrant labor, have noted an increase in negative coping mechanisms (including trafficking in persons and child labor) as schools shut and livelihoods diminish.

Regarding people on the move specifically, mobile and displaced populations - many of whom are migrant workers in situations of forced labor - now face three crises rolled into one: A health crisis; a socio-economic crisis; and a protection crisis. Safe and decent labor opportunities have dramatically diminished, remittances sent by migrant workers are at a low, and many workers are at increased risk of abuse and exploitation, including modern slavery and gender-based violence. And as a recent UN conference in Asia-Pacific cautioned, *"the pandemic has exposed the fragility of our highly integrated production processes and the way business connects the world. It has highlighted the vulnerability of value production when workers, managers, suppliers and consumers are all affected by lockdowns while supply*

responsible recovery, where the rights of workers are held up-front.

And as Business for Social Responsibility (BSR) has reiterated, *"the threat of COVID-19 is a reason to reaffirm – and not to abandon – the commitment to respect workers and local communities' human rights, with an emphasis on the most vulnerable groups"*.

In a recent report on the immediate socio-economic response to COVID-19, complementing the United Nations Guiding Principles on Business and Human Rights (UNGPs), the United Nations Secretary General called upon diverse actors to help "build back better" through access to social protection and basic services;

"There can no longer be indifference and lack of support to the plight of workers in increasingly vulnerable sectors and situations". (Webinar discussant[4])

chains collapse, production holds, and trade stop"[2]. As the economic and social impacts of the COVID-19 pandemic deepen and further exacerbate these vulnerabilities for workers, the global community should anticipate that millions more may be subject to modern slavery during and in the aftermath of the crisis[3].

While urgent humanitarian needs are being addressed in the short-term, the global community must also evaluate supply chains to ensure ethical production and responsible global trade in the medium- and long-term. Coordination and information sharing on what works is critical to prevent a surge of exploitation and to promote

and protecting jobs, supporting small- and medium-sized enterprises, and informal sector workers through economic response and recovery programmes. The COVID-19 crisis remains a crisis; but it must also be seized as an opportunity to reimagine human dignity, protection, and safe work free from modern slavery in a sustainable, future-looking manner. Complex issues require multi-faceted solutions, and public-private partnerships, collaboration, and innovation are key. Through diverse perspectives and approaches we can finally narrow the divisions. In this session, discussion focused on what it will mean to recover responsibly and how companies can do it.

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2. See also a recent statement from the UN Secretary General at the 2020 ILO COVID-19 and the World of Work Global Summit.

3. Verité has identified a number of factors that increase workers' vulnerability to becoming victims of human trafficking, all of which will likely worsen during and after the COVID-19 crisis, including poverty, inequality, political instability, conflict, crime/violence, and tightening of restrictions on immigration. See also, The Effects of COVID-19: Five impacts on human trafficking, blog post from Tech Against Trafficking describing impacts of COVID-19 on human trafficking.

4. The webinar was held under Chatom House Rules, and to respect this, direct quotes are without attribution.

Navigating the challenges &
improving upon the status quo

The challenges underpinning modern day slavery are manifold, acute and systemic; and yet, the pandemic has laid bare the vulnerabilities in supply chains like never before. While the impact of the COVID-19 pandemic has been devastating to the global workforce, it has hit certain sectors, certain categories of workers, and certain actors along the supply chain harder, further exposing and amplifying their vulnerabilities.

COVID-19 presents an additional and specific set of challenges to not only be considered but addressed, particularly with regard to detecting exploitation and abuse within supply chains when oversight opportunities have greatly diminished. Such critical conditions therefore require a holistic understanding of the challenges- that is, taking into account both the up-and-downstream ramifications, as well as the impact on the worker, their family, and their broader community.

Core challenges of COVID-19 related modern slavery in supply chains, running the risk of hindering responsible recovery
- Acute unemployment creating an imbalance in labor supply and demand, creating new conditions for abuse and exploitation as employers seek to gain and take advantage of new vulnerabilities across supply chains

- Mass layoffs of workers leading to a reduction or loss of social protection and access to basic, essential services; or, the exposure of the very lack of these rights for workers

- An increased risk to modern slavery for workers in the informal sector as well as non-direct employees, including contractors

- The emergence of specific vulnerabilities for migrant workers, who have not only lost livelihoods but in some cases, have become stranded, unable to return to their home country

- An amplification of risks in industries and geographies already vulnerable to modern slavery as well as the creation of new conditions for exploitation due to production booms.

- Specific downstream risks across the supply chain, as contracts are not honored and wages of end line workers cannot be paid

Case of Bangladesh: Honoring commitments not charity

COVID-19 has raised a critical question on how to ensure the responsibility of those with purchasing power, to ensure that commitments are honored. In Bangladesh for example, hundreds of garment factories have been closed down due to the pandemic, resulting in USD three billion of cancelled orders, and impacting more than two million workers.

"It's not about extra-help or charity; but instead, paying for the goods that have been produced and shipped. Its about honoring contractual rights and clauses. Put simply, to get paid for what has been shipped and ordered." **(Webinar discussant)**

The disruption caused by COVID-19 has also been shuttering the doors of retailers, negatively impacting the ability of some to pay suppliers during this global crisis. Nevertheless, to the greatest extent possible, brands should demonstrate a commitment to their suppliers, finding ways to honor contracts and ensure a soft landing for affected workers. Regular and transparent communication with suppliers is of utmost importance so that they may better plan and mitigate shocks resulting from the pandemic.

- A reduction in remittances of migrant workers is limiting access to social services for the families of these workers left behind in the country of origin, otherwise largely dependent on the receipt of remittances to meet basic needs

- The response to the virus has been unequal, and has perpetuated existing vulnerabilities as well as presenting new risks. For example, the exclusion of some population of workers from the response has been detrimental to individual and collective well-being, risk, and recovery

- Some populations of workers, and specifically migrant workers, guest workers, undocumented immigrants, and internal or returning migrants, face new risks to xenophobia and hate crimes

- Lockdown measures have impacted on the opportunity for the detection and disclosure to modern slavery, as well as access to services

- Workers facing pandemic-related shocks may be more willing to engage in risky coping strategies, including accepting job offers from dubious recruiters/employers

"The crisis has not taken place in a vacuum but has instead exposed systemic, structural, industry-specific and industry-wide risks to modern slavery. For example, the new and significant demand for pandemic-response related equipment and goods may render some workers to unsafe conditions, contract violations, excess hours, and even forced work". **(Webinar discussant)**

Seizing the opportunities:
Key recommendations to promote responsible recovery

Without doubt, COVID-19 has changed the balance between labor market needs and labor supply. Yet this can and should be seen as an opportunity to adjust business practices for the better. For all of the challenges COVID-19 has placed upon supply chains, businesses, and workers, there are opportunities to improve and create a supply chain that is less vulnerable to modern slavery; and these must be immediately seized to respond, recover, and build back better. Further, 2020 marks the 20th year anniversary of the UN Palermo Protocol, and in the spirit and commitment to end modern day slavery, now is the moment for a new social contract, where the rights of workers and their families across the full spectrum of the supply chain are central and no one is left behind.

Increase monitoring for modern slavery risk in potential hotspot geographies/industries

- Businesses should ensure periodic, risk-based mapping of their supply chains including demographics, hotspot vulnerabilities to modern slavery, and risks, prioritizing needed action accordingly to ensure that workers remain protected and production that is free from exploitation and abuse.

- Governments and businesses should take a risk-based approach, placing specific scrutiny on the supply chains of goods and services that are fueled by COVID-19, such as PPE, which may be at risk of modern slavery due to high demand.

- Innovation and technology can be harnessed by stakeholders across the supply chain to facilitate the timely and remote identification of risks to modern slavery. As COVID-19 social distancing measures continue, techn-ological advancements in remote risk identification[5] and remote due diligence monitoring can be leveraged.

Consider how business operations may be exacerbating vulnerability to modern slavery

- Cost-cutting measures implemented as a result of COVID-19 can put vulnerable workers at risk of exploitation and abuse. Companies should consider how business decisions may be affecting workers in the supply chain, such as widespread economic insecurity or heightened pressure to work longer hours without appropriate compensation.

- Mass order cancellations or non-payment of orders can have serious repercussions for workers already

living below the poverty line. Businesses should honor payments to avoid massive disruptions to suppliers and their workers.

- Many suppliers are in precarious situations due to COVID-19 disruptions. Businesses can consider extending payment and/or offering credit to vulnerable suppliers at risk of closure. Such actions can help avoid unemployment of workers at risk of falling into dire economic circumstances.

- Businesses may also wish to consider establishing a relief fund for workers most hard hit by the pandemic to meet the needs of the most vulnerable, supporting prevention of their risk to modern slavery.

- Given the breadth of local knowledge on the communities impacted by supply chain disruptions, businesses may wish to partner with relevant local civil society organizations to help design and/or implement a COVID-19 response.

Prioritize partnerships with ethical recruitment agencies

- The pandemic has forced many workers out of jobs and left countless migrants stranded at destination sites. Facing extreme economic insecurity, workers are more prone to unscrupulous recruiters charging high fees to prospective workers for job placement. Such fees keep workers in debt, creating a power imbalance rife for exploitation. Businesses should seek the services of ethical recruitment agencies to identify workers.

- Where labor market needs cannot be met by the national workforce, migrant workers should be considered by Governments and businesses as essential workers to the response and recovery efforts and supported in safe and regular migration. This requires business to have a timely understanding of supply and demand; and where demand supersedes national supply, to work with accredited recruitment agencies to facilitate such safe and regular labor mobility.

- The International Recruitment and Integrity System (IRIS) Standard offers guidance for labor recruiters and employers to integrate ethical recruitment principles into recruitment management systems, procedures, codes of conduct, and social sustainability initiatives.

Enhance communication with suppliers to smooth demand forecasting and capacity planning

- Businesses should engage suppliers as strategic partners. Companies that forge strong relationships with their suppliers can increase efficiencies and better react and adapt to evolving circumstances.

- Companies should reimagine the status quo where suppliers compete solely on costs rather than value. By examining medium and longer-term value propositions in procurement, companies can forge more

☑ Key Themes For Supply Chain Actors

- Increase monitoring for modern slavery risk in potential hotspot geographies/industries

- Consider how business operations may be exacerbating vulnerability to modern slavery across the supply chain

- Prioritize partnerships with ethical recruitment agencies

- Enhance communication with suppliers to smooth demand forecasting and capacity planning

- Establish and maintain mechanisms to collect worker feedback and report grievances

5. This topic is discussed in more detail during webinar three. For more information, please consult here.

"Labor rights are core to building business continuity".

(Webinar discussant)

partnerships that are more effective at managing modern slavery risk.

• The most effective supply chains involve frequent two-way communication between companies and their suppliers. As part of this relationships, businesses can support suppliers in the protection of their workers via monitoring, benchmarking, and capacity-building. Additional supports may be required during the pandemic to understand increased vulnerabilities of workers due to COVID-19 pressures and hardships.

• To reduce volatility and risky practices (such as use of unauthorized sub-contractors to meet high demand or rush requests), businesses should remain in regular communication with suppliers, offering projections on purchasing and associated timelines. This will help ensure a more resilient supply chain ecosystem.

• Frequent communication and joint planning exercises with suppliers can help guard against future shocks, protecting workers from the fallout of operational disruptions.

Establish and maintain mechanisms to collect worker feedback and report grievances

• Grievance and remediation measures should be clearly communicated by businesses and their suppliers. During COVID19, this may require new approaches, and/or cross-border approaches, and technology can be utilized to facilitate.

• Employers should make available confidential, safe and remote feedback mechanisms so that grievances can be raised, and the voice of the worker is heard. This may require businesses to take a leadership role to ensure the availability of feedback mechanisms across their supply chain.

• Where workers have been working abroad and there are grievances, Governments and employers should ensure measures for wage claims after workers leave the country of work. This may, for example, include mechanisms for a virtual worker dispute panel, across countries of origin and destination.

Resources

- All information on the Webinar Series, compiled by the event organisers **GFEMS** and **IOM**, can be found **here**.

- The **United Nations Comprehensive Response to Covid-19: Saving Lives, Protecting Societies, Recovering Better (UN, 2020)** provides a succinct over of the multifaceted impact of COVID-19, with clear recommendations for how the UN can support Governments, civil society, and business to build back better.

- The **United Nationals Policy Brief: Covid-19 & People on the Move (UN, 2020)** provides a specific overview of the impact of COVID-19 on mobile and displaced populations, with clear recommendations for how the UN can support Governments, civil society, and business can mainstream safe and regular migration into response and recovery.

- **IOM** has produced **COVID-19 Guidance for employers and business to enhance migrant worker protection during the current health crisis**

- **Verite** has made available diverse and **comprehensive guidance** to companies to help support their efforts to safeguard workers' rights in their supply chains both during and after the COVID-19 pandemic.

- **Shift Project** has made available a number of tools to support companies with **human rights due diligence** as well as **human rights mainstreaming into COVID-19 business response and recovery**.

- **Business Social Responsibility (BSR)** has developed a specific **COVID-19 Content Hub** for partners and the business sector, which also includes a COVID-19 **rapid human rights due diligence tool**

- **Equidem Research** is regularly reporting upon innovative business practices to protect the human rights of workers, including those who have faced modern slavery in times of COVID-19.