

Addressing Forced Labor and other Modern Slavery Risks

A Toolkit for Small and Medium-Sized Suppliers



BSR

The Business of a Better World

GBCAT

Global Business Coalition
Against Human Trafficking

Introduction

This toolkit aims to help companies that work in corporate supply chains to quickly identify areas of their business which carry the highest risk of modern slavery and develop a simple plan to prevent and address any identified risks. It is designed particularly for use by small and medium sized enterprises (SMEs), which typically face the greatest modern slavery risks across supply chains.

SME suppliers are often at the front line of combating modern slavery— the exploitation of other people for personal or commercial gain— yet may not have access to essential guidance on how to manage modern slavery risks effectively. This toolkit is specifically designed for the executives, human resource and procurement leads of SME suppliers whose responsibility it is to identify, prevent and address modern slavery risks within their operations and business partnerships, enabling their organizations to better participate in responsible global supply chains.

Companies will benefit from this guidance particularly if they:

- Seek to attract or retain global client companies.
- Employ foreign or temporary labor, or work with business partners that do.
- Aim to reduce business interruptions and financial costs resulting from enforcement of legislation on modern slavery.

This toolkit uses the term “modern slavery” to describe a variety of exploitative situations that may be encountered by a business, including debt bondage, forced labor, labor trafficking, sex trafficking, and child labor. It does not intend to be a comprehensive resource on all of these issues and their remediation, but rather points SMEs to their greatest risk areas for a quick diagnostic, then refers to additional comprehensive resources that will enable them to engage more thoroughly with any identified risks. The risks flagged and remediation actions offered are focused on the specific human rights impact of modern slavery, and do not replace a human rights due diligence process, which is called for under the UN Guiding Principles on Business and Human Rights for all businesses.

This resource was developed by the [Global Business Coalition Against Human Trafficking](#) (GBCAT), a BSR Collaborative Initiative, with support from the ILO Global Business Network on Forced Labour, and [additional partners to be added] Its recommendations are based on desktop research as well as consultations with advisors and corporate members of GBCAT and their key suppliers.

The toolkit is organized around four sections, and covers common questions from suppliers on modern slavery, such as:

- I. What is modern slavery?
- II. Why does preventing modern slavery matter to suppliers?
- III. What forms of modern slavery are suppliers and their workers most likely to encounter?
- IV. Where in a business’s operations do the highest risks of modern slavery exist, and what should a business do to identify, prevent, and address these risks?

Further information and in-depth resources on the topics covered in the toolkit can be found linked on GBCAT’s website at www.gbcat.org.

I. What is modern slavery?

Modern slavery is an umbrella term used to describe practices that deprive an individual of their liberty and exploit them for commercial gain through use of threat, violence, coercion, deception, or a combination of these acts.

Freedom from slavery and other forms of servitude is a basic human right outlined in the Universal Declaration of Human Rights, the foundational document adopted by the United Nations that establishes the rights and freedoms everyone is entitled to by simply being human. It is also upheld by the International Bill of Human Rights,ⁱ and the ILO Declaration on Fundamental Principles and Rights at Work (“ILO Declaration”), which further requires the elimination of all forms of forced or compulsory labor and the effective abolition of child labor.ⁱⁱ A growing number of countries around the world have introduced legislation which makes businesses legally accountable for crimes related to modern slavery, and requires them to be publicly transparent about the steps they are taking to prevent and address it.

The forms of modern slavery addressed by this toolkit focus on those imposed by private individuals or enterprises (as opposed to state-imposed forced labor), including debt bondage, forced labor, labor trafficking, sex trafficking, and child labor. It is estimated that as many as 40 million people are victims of modern slavery around the world. This includes 25 million people in conditions of forced labor, with 16 million of these people working in the private sector.ⁱⁱⁱ

The most common indicators of modern slavery that business teams should be aware of are listed below. SME suppliers should be aware that in some cases, conditions leading to modern slavery may be created during the recruitment process and unbeknownst to the workers’ eventual employers; this toolkit also offers guidance on how suppliers can assess their business partners to ensure compliance.

Common Indicators of Modern Slavery *

- » **Withholding of wages** that prevents worker from terminating employment and finding a new job (e.g. delayed wages, excessive wage deductions, payment not made to worker’s own bank account)
- » **Intimidation and threats** against a worker and/or their family
- » **Physical and sexual violence** (e.g. visible injuries, aggressive behavior toward workers)
- » **Abuse of an individual’s vulnerability** (e.g. poor, not educated, visa tied to employment)
- » **Debt bondage or requirements to pay off debts** accrued through additional labor (e.g. debts related to excessive recruitment fees or interest charge)
- » **Use of deception**, usually during recruitment, in the form of new terms and conditions of work, lower wages, different job role or housing arrangements than previously agreed
- » **Restriction of movement** during recruitment process, at work or within employer-controlled accommodations
- » **Isolation** (e.g. worker does not speak local language, their mobile phone has been confiscated so they cannot communicate with others)
- » **Retention of identity or working documents** (e.g. passport, work authorization forms) during recruitment or employment
- » **Abusive working and living conditions** (e.g. hazardous or unsafe working conditions, no protective gear offered to workers, unsanitary or dirty living conditions)
- » **Excessive working hours** (e.g. where overtime is required to earn minimum wages, worker is penalized for refusing overtime, workers are denied breaks)

*Adapted from the ILO Indicators of Forced Labour, and the Fair Labor Association’s Indicators of Modern Slavery^{iv-v}

II. Why does preventing modern slavery matter to suppliers?

SME suppliers that address modern slavery risks can take pride in knowing that they are protecting the human rights and wellbeing of their workers, business partners, and communities. They are also investing in themselves, by demonstrating to their clients that they are responsible supply chain partners.

Suppliers benefit from identifying, preventing, and addressing modern slavery in several ways:

1. Following the rule of law, adhering to international standards, and respecting human rights:

First and foremost, businesses of all sizes that participate in the modern slave trade are breaking international and national laws, and may face legal, financial, or reputational consequences. While legislation and penalties may vary by country, global business standards such as the UN Guiding Principles on Business and Human Rights, place a responsibility on business of all sizes to respect international human rights, including those covered by the ILO Declaration, and not contribute to human rights harm through their own activities or the activities of their business partners.

2. Attracting and retaining global clients:

Global companies increasingly prioritize suppliers that follow responsible hiring and sourcing practices. As companies around the world face pressure from investors, consumers, and governments to maintain responsible and transparent supply chains, SME suppliers will also feel increased expectations from their clients to address modern slavery risks.^{vi} It is likely that future legislation will incorporate stricter measures for all companies, including SMEs, to conduct human rights due diligence.^{vii} SMEs that understand, effectively manage, and report on their actions to address modern slavery within their operations and business partners are positioning themselves as reliable current and future suppliers.

3. Reducing the risk of incurring fines and business interruptions:

By taking a proactive approach, suppliers of all sizes can prevent operational interruptions and reduce financial costs and fines associated with foreign goods suspected to be produced using child or forced labor. For example, the U.S. government has identified 148 goods from around the world produced with child and/or forced labor, and may withhold such goods from entering the country.^{viii} Most of the goods withheld in recent years (e.g. garments, gold mined from artisanal mines, seafood, toys^{ix}) come from manufacturers within global supply chains. Through proactively addressing modern slavery risks, an SME supplier can prevent against business interruptions and losses such as delayed shipments or confiscation of goods.

III. What forms of modern slavery are SME suppliers and their workers most likely to encounter?

Businesses are most likely to be confronted with situations of forced labor, debt bondage, human trafficking (sex trafficking or labor trafficking), and child labor.

The table below summarizes each of these forms of modern slavery, key indicators, as well as high-risk industries where this type of modern slavery is known to be a risk. Different forms of modern slavery often go hand in hand with one another: a victim of forced labor, for example, is also likely to be a victim of labor trafficking.

The presence of a single indicator does not necessarily imply a type of modern slavery is taking place, but they are almost always an indication of abuse of a workers' vulnerability. SME suppliers should seek to understand how each of these indicators may play out in their own business context and speak regularly with their workers to better understand their working and living conditions. Ongoing communication will help ensure that the employer is not engaging in actions that may inadvertently place workers in situations which could amount to a form of modern slavery, while establishing trust among workers.

Forms of modern slavery that SME suppliers may encounter

Type	Description	High-Risk Industries (example commodities) ^x	Key Indicators
Forced Labor	Any work or service performed by a person involuntarily and under the threat of penalty. ^{xi}	<ul style="list-style-type: none"> • Agriculture or Farming (fish, shrimp, meatpacking, fruits, vegetables, tea, tobacco, cotton, and palm oil) • Apparel/Garment (thread, fasteners) • Construction and Mining (bricks, stones, steel, minerals, and metals) • Electronics Manufacturing (computers, tablets) 	<ul style="list-style-type: none"> • Abuse of vulnerability • Deception • Restriction of movement • Isolation • Physical and sexual violence • Intimidation and threats • Retention of identity documents • Withholding of wages • Debt bondage • Abusive working and living conditions • Excessive overtime
Debt Bondage	Work where workers must repay a debt and are not able to leave until the debt is fully paid, or are forced to work and are not able to leave because of a debt incurred (e.g. fees associated with job recruitment). ^{xii,xiii}	<ul style="list-style-type: none"> • Agriculture or Farming (fish, shrimp, fruits) • Business Process Outsourcing • Construction (brick kiln) • Electronics Manufacturing (computers, tablets) 	<ul style="list-style-type: none"> • Deception, especially during recruitment • Intimidation and threats • Contract substitution, where the terms of employment are changed over the course of the recruitment and hiring process • Withholding of wages • Violence or intimidation • Manipulated debt and income • Financial penalties for voluntary terminations
Labor Trafficking	Situation in which a person is involuntarily transferred or transported using threat, force, coercion, fraud, deception, abuse of power for the purpose of conducting work (often manual work). ^{xiv}	<ul style="list-style-type: none"> • Agriculture or Farming (fish, shrimp) • Construction (residence or commercial buildings) • Forestry (timber, bamboo) • Food production (production facilities) • Garment/Apparel (clothing) 	<ul style="list-style-type: none"> • Reliance on temporary or foreign labor • Restriction of movement or isolated workplaces and working conditions • Retention of identity documents or wages • Deception, abduction, vulnerability, or the exchange of benefits

<p>Sex Trafficking</p>	<p>Situation in which a person is involuntarily transferred or transported using threat, force, coercion, fraud, deception, or abuse of power for the purpose of prostitution and commercial sexual acts.^{xvi}</p>	<ul style="list-style-type: none"> • Electronics Manufacturing (computer, tablets)^{xv} • Extractives/Mining (mining camps) • Hospitality (motels, hotels) • Transportation and Freight (airplanes, buses, trains, trucking) 	<ul style="list-style-type: none"> • Recruitment under false pretenses of work or romantic involvement with the employer • Restriction of movement or isolated workplaces and working conditions • Physical, sexual, or emotional abuse • Retention of identity documents or wages • Same residence as the employer
<p>Child Labor</p>	<p>Work that deprives children of their childhood, their potential, and their dignity, and that is harmful to physical and mental development.^{xvii,xviii}</p>	<ul style="list-style-type: none"> • Agriculture or Farming (fruits, vegetables, tea, tobacco, cotton, and palm oil) • Construction (bricks) • Electronics Manufacturing (computers, tablets) • Extractives and mining (metals, minerals) • Manufacturing (healthcare equipment) • Textile Manufacturing (cotton, leather, silk, wool)^{xix} 	<ul style="list-style-type: none"> • Unverified age of workers • Abusive working and living conditions • Excessive hours and overtime • Separation from families • Reduced or lack of school attendance

WHICH INDIVIDUALS ARE MOST VULNERABLE TO MODERN SLAVERY?

While anyone can be a victim of modern slavery, individuals who are already socially or economically vulnerable are most likely to be victimized. For instance, individuals with limited skills, women, children, ethnic minorities, persons with disabilities, marginalized individuals such as refugees, and migrant workers are particularly vulnerable to situations of modern slavery.

Vulnerable workers often have limited opportunities secure a decent wage and good work and are more likely to fall victim to deceptive job offers that further exploit their vulnerabilities. Women and children are disproportionately affected by certain forms of modern slavery (e.g. sex trafficking) which can be attributed to, among other factors, their limited ability to advocate for their rights, particularly in societies where women’s rights and children’s rights are not respected.

Migrant workers are also particularly vulnerable. Migrant workers include individuals who migrate away from their place of residence, either in country or across an international border but do not intend to permanently live in the region where they work.^{xx} Migrant workers are often from low socioeconomic backgrounds with limited education, and seek employment outside of their home region as there are limited opportunities to earn a decent wage where they reside. During recruitment they may be exposed to predatory recruitment fees, deceptive or coercive employment practices, and document retention, among other hazards. Once in a new workplace, migrant workers may face a range of additional challenges which make them feel isolated and vulnerable, such as unfamiliarity with the local language, a lack of social support, and a heavy reliance on their employer for basic services such as housing and food. This vulnerability is compounded when migrant workers seek employment outside their own country, where they generally lack access to labor protections and benefits which are afforded to local workers under national law, placing them at further risk of being entrapped in modern slavery.




WHICH COUNTRIES ARE MOST AFFECTED BY MODERN SLAVERY? ¹

Modern slavery can take place anywhere in the world, but the risk of modern slavery is shaped by the social, political, and economic context of a country or region. For example, countries which may be conflict affected, are impacted by a weak rule of law (i.e. where laws are not enforced), which experience widespread bribery and corruption, or poor respect for human rights (e.g. limits on freedom of expression, women’s rights, etc.) generally carry a high risk of modern slavery. Countries where there are large populations of low-skilled workers and migrant workers also tend to be hot spots for modern slavery. Understanding the modern slavery risk profile of a country in which your business, your business partners and the goods and services your business purchases are based can help a SME supplier better prevent modern slavery risks from materializing into negative impacts.

EXAMPLES OF MODERN SLAVERY IN CORPORATE SUPPLY CHAINS

Modern slavery may sometimes be difficult to identify in a workplace setting. In some cases, bad actors will intimidate workers into staying silent. In others, a business may not be aware that actions they have taken—even those that are considered common practice in their country or industry—are making their workers more vulnerable to conditions of modern slavery.

The below examples of modern slavery in different industry supply chains aim to illustrate how vulnerable work situations can morph into situations of modern slavery. The text in bold font highlights parts of the worker’s story that indicate that they may be a victim of a form of modern slavery. These examples are fictionalized but are based on recent news, representing the personal experiences victims of modern slavery may face.

Case Example #1: Commercial Fishing	
 <p>Types of Modern Slavery:</p> <ul style="list-style-type: none"> • Debt Bondage • Forced Labor • Labor Trafficking 	<p>Boran is a Cambodian national who finds a private recruiter promising to set him up with a factory job in Bangkok, Thailand, with free housing and good pay. However, Boran is responsible for all upfront costs, including travel, visa cost, and recruitment fees, and must pay back the loan offered by the recruiter with interest. Boran agrees, and he arrives in Thailand with a debt to the recruiter of USD \$1,000.</p> <p>Once in Bangkok, the attendee at the office takes his identification papers including his passport and says she will bring him to the factory. But instead, Boran is transported to an unregistered fishing boat, where he is locked below deck until the ship leaves the port. He is required to work on the ship in dangerous conditions on open seas for up to 20 hours per day, seven days a week, for six weeks.</p> <p>Boran’s entire paycheck is held by the company, making it impossible to pay off his debts to the recruiter. At six weeks into the job, he still has not received a single wage slip. When asked when he can return to land, he is beaten. Boran is forbidden to leave the boat when docked.</p> <p>The fish from Boran’s boat is sold on the free market to local companies, many of which are suppliers to multi-national food companies.</p>

¹ For resources to understand geographic and product-level modern slavery risks, see here.

How is Boran a victim of modern slavery?

Boran is a victim of many types of modern slavery – debt bondage, forced labor, and labor trafficking.

Boran is placed in a situation of debt bondage when he is required to pay upfront costs, related to travel, visa and recruitment. Boran’s cost for room and board is also unreasonable with no other option available to him, and relative to his wages, keeps him in a debt trap. Individuals should not be forced to pay for a job. It is expected that the employer pays all fees associated with hiring to the recruitment agency directly.

Boran is in a situation of forced labor as he is forced to work against his will in hazardous conditions and subjected to excessive overtime, intimidation from his employer, and threats of physical violence.

Boran is also a victim of labor trafficking as he was deceived to travel to Thailand for what was promised to be a good job, had his identity documents confiscated and was forced into an industry he did not choose to work in. All workers should be free to leave positions of employment and be in control of their own identification papers.

As an international migrant worker, Boran does not receive Thai labor law protections and does not have the right to participate in a labor union. This places him in a more precarious position.

Suppliers that source their fish from the ship that Boran works on are exposing themselves and their clients to the risk of participating in modern slavery.

Case Example #2: Forestry and Construction



Type of Modern Slavery:

- Labor trafficking

Daniel lives in a poor state in Brazil and feels burdened that he cannot earn enough money to support himself or his parents. A recruiter informs Daniel and other young men in his community that many of their neighbors are working inside a machine parts manufacturing facility in another state in Brazil which offers free housing and food. Daniel is pleased to learn of the job and leaves his family to join the recruiter. The **recruiter takes Daniel’s identification card** and buses him and the other men to a remote town in a neighboring state.

When he arrives, Daniel **is told he will be building a paper mill production facility; he feels deceived by the change in employment terms but feels he does not have any options but to sign the contract.** Daniel works long hours in the sun without bathroom breaks. He lives in cramped living quarters with 20 others and **is required to return to the dormitory every evening by an employer-imposed curfew.** His employer often delays paying him. When the facility is built, **the company continues to hold onto Daniel’s identification card, leaving Daniel unable to return home without it.**

How is Daniel a victim of modern slavery?

Daniel is a victim of labor trafficking. While Daniel voluntarily took the job with the recruiter to work in another state, he was deceived into working in the construction of a paper mill production facility instead of for a steel factory which is more manual labor than he imagined.

Daniel is a migrant worker as he traveled outside of his region of residence for work purposes. As a migrant worker, Daniel is at a heightened risk of being placed in a situation of modern slavery. While a Brazilian national, Daniel does not know his new surroundings and likely does not have the means to return home on his own. If he does return home, he will have to do so without his identification card, as it is being kept by his employer.

Daniel may also be a victim of labor exploitation. While he is still being paid wages, his employer is likely to be violating other labor laws. Here, he is forced to work long hours in the sun, accept delayed wages and to live in unsanitary living conditions.

Case Example #3: Hospitality



Types of Modern Slavery:

- Debt Bondage
- Sex Trafficking
- Child Labor

Leila is 13 years old and lives in the United States with her single mom and three young siblings. Leila looks older than she is and is approached by a manager who offers her a job as a maid in a nearby hotel. The minimum age for employment is 14 years of age under the Fair Labor Standards Act (FLSA), which also restricts the number of hours a minor can work under the age of 18. Leila’s family needs the money, so Leila **takes a leave of absence from school to work full-time at the hotel**, where she is offered housing on site.

The hotel maintenance lead informs her that she is now an independent contractor, and her **housing fees will be deducted from her salary**. The fees are significant, making it difficult for Leila to pay for her housing through cleaning alone. Leila **is pressured by her boss to provide sexual services to customers to pay off her housing fees. She is beaten if she does not comply**. Leila sends the money she manages to save back to her mom to care for her family but continues to work at the hotel because she is scared that her family will reject her if she returns, and doesn’t feel she has any other choice but to stay.

How is Leila a victim of modern slavery?: Leila is a victim of sex trafficking. Anyone selling sex who is under 18 is legally a trafficking victim. While she agreed to work as a maid at the hotel, the decision to provide sexual services to customers was made against her will and below the age of legal consent. Leila is not empowered to refuse or to choose an alternative type of work to avoid sexual exploitation, as she fears her employer and is living in an employer-controlled residence.

Leila is also a victim of child labor because she is under the legal full-time working age of 18, is working in a job that prevents her from going to school and is separated from her family.

Leila also experiences debt bondage when she is unable to pay for her housing through her cleaning job alone.

Case Example #4: Business Process Outsourcing



Types of Modern Slavery:

- Indications of debt bondage
- Indications of forced labor

Amirah was recruited from Indonesia to work as an associate at a business process outsourcing company in the Philippines. While she received a detailed labor contract, it was written in English and **she did not understand all the details when she signed it**.

Amirah was flown to the Philippines by her recruitment agency but found upon arrival that **she would be expected to pay for her own flight back home**. If she did not complete the terms of her contract, or if she performed below average, **her employer would charge a penalty fee out of her wages for the week**. Telling her that it was for her own protection, **her employer held onto Amirah’s passport**. She is **not certain whether she would be able to return home on her own, without the permission of her company, or before she earns enough to pay for the return flight**. Amirah does not have any friends or family in the Philippines and is **not sure where she could go to ask questions about her rights at work**.

How is Jing a victim of modern slavery?: Amirah may be a victim of debt bondage as she feels she cannot leave her job for fear of financial penalty which may leave her indebted. As a migrant worker, leaving may also be difficult as Amirah may not have money to purchase a flight home and she cannot rely on friends or family nearby for assistance.

Amirah may also be a victim of forced labor as her identity document is being held by her employer, which restricts her availability to leave the Philippines and return home.

IV. Where do the greatest risks of modern slavery exist for a SME Supplier, and what should businesses do to identify, prevent, and address these risks?

SME suppliers are expected to identify modern slavery risks, prevent, and mitigate these risks from occurring, and finally address modern slavery impacts that the business has identified. This section offers step by step guidance on each of these actions.


SMEs may have less resources, and more informal processes and management structures than multinational companies when reviewing human rights risks across their operations and business partners.^{xxi} For this reason, this toolkit offers a simplified checklist that SME suppliers may find helpful to quickly identify and assess the areas in their business operations and business partners where situations of modern slavery may arise. Each section points readers to further in-depth resources to address any identified risks.

IDENTIFYING THE AREAS OF GREATEST POTENTIAL RISK

For SME suppliers, the greatest risks of modern slavery generally lie in the:

- (1) Recruitment of workers by the business and through the use of recruitment agencies.
- (2) Operations of the business, including conditions of work. And in
- (3) Relationships the business has with third parties, such as with their own suppliers.

SME suppliers may review the indicators of modern slavery offered in Section III to identify other areas in the business' operations and business partners where modern slavery may take place.

Areas of Highest Risk of Modern Slavery for SME Suppliers		
<p>Recruitment of Workers</p> <p>A business' use of migrant workers and reliance on recruitment agencies to source workers</p> 	<p>Business Operations and Working Conditions</p> <p>A business' labor practices when it comes to working hours, overtime, and wages of workers</p> 	<p>Business partners</p> <p>A business' relationship with third parties who may not be taking steps to identify or prevent situations of modern slavery from occurring</p> 

The following sections explain the risks of modern slavery in each of these three areas of risk and provide questions to help SME suppliers consider where gaps may exist in their current policies and practices related to modern slavery. Check marks under the "Actions Suppliers Should Take" denote actions that should be completed by all suppliers regardless of size, while circles refer to good practices that go beyond minimum requirements. In addition, risk factors with an asterisk (*) refer to risks that may also be present in the operations of a SME supplier's business partner.

1) RECRUITMENT OF WORKERS

SME suppliers may rely on labor recruiters or recruitment agencies to identify suitable workers, or when high demand requires companies to employ additional workers in a short timeframe. SME suppliers should pay attention to recruitment risks particularly if they employ migrant workers, as migrant workers are particularly susceptible to situations of modern slavery, as outlined below. ^{xxii}

Risk factor	Explanation of the Risk	Actions Suppliers Should Take
<p>SME supplier uses a recruitment agency or labor broker to source workers</p>	<p>While using a recruitment agency to source workers is not wrong, it raises the risk that modern slavery may be taking place, as the supplier has limited visibility into the employment practices of the recruitment agency.</p> <p>For instance, some migrant workers are forced to sign contracts that pay less than promised in contracts they had agreed to before they left their countries to take the jobs. This contract substitution by recruitment agencies can make workers vulnerable to situations of forced labor, especially if workers have taken on debts to pay recruitment fees.</p>	<ul style="list-style-type: none"> ✓ Communicate the business’ commitment to ethical recruitment to existing and prospective recruitment agencies with which it works ✓ Ensure that all individuals handling recruitment for the business are made aware of the business’ commitment to ethical recruitment and employment terms. ✓ Speak with workers hired through a recruitment agency to understand their experience. For example, ask if the worker fully understands their terms of employment, and whether they were required to sign contracts by the recruiter with any different terms and conditions. • Good Practice: Conduct due diligence to understand the practices of recruitment agencies with which the business works to ensure they are not creating situations of modern slavery for workers. For example: <ul style="list-style-type: none"> ○ Check whether the recruitment agency is licensed and certified by a competent national authority, and whether it has ever been blacklisted by or fined for labor malpractice. ○ Check whether the recruitment agency has a policy against the use of modern slavery. If so, explore how and whether the recruitment agency monitors this commitment. ○ Review the implementation of any policies, procedures, or operational processes the recruitment agency has in place to prevent and mitigate negative impacts. ○ Interview other businesses the recruitment agency has partnered with to better understand the risk profile of the agency

<p>The terms of a worker's employment are not offered to the worker in a manner that is easy to understand, or in their native language**</p>	<p>All workers should receive a written employment contract that is enforceable, clear, and in a language the migrant worker understands. Vague employment terms and workers' low levels of awareness of their rights can place them in a precarious situation.</p>	<ul style="list-style-type: none"> ✓ Provide workers with a written contract in their native language. The contract should contain rights and responsibilities of the job for which they are being recruited, information regarding wages, frequency of wage payments, working hours, overtime terms, location of work, working conditions, and guidance on termination of employment. ✓ Explain the contract and terms to job applicants to ensure they understand all requirements.
<p>SME suppliers do not verify the age of workers*</p>	<p>Individuals seeking employment who may appear to look eligible to work may in fact be children below the legal age of full-time employment. Employing children is a form of modern slavery.</p>	<ul style="list-style-type: none"> ✓ All workers must meet the minimum working age under national legislation, but in no case less than the ILO general minimum age – regardless of local custom or laws. ✓ Request and maintain a copy of all documentation necessary to confirm and verify the date of birth of all workers, such as birth certificates and national identification cards. • Good practice: Individuals involved in recruiting workers, including those at recruitment agencies should conduct an interview with the job seeker to visually check the job seeker against the documentation received.
<p>Recruitment fees or related costs are charged to workers (including migrant workers) either directly by the SME supplier or by a recruitment agency*</p>	<p>No worker should pay for a job. The payment of recruitment fees and costs associated with employment can place workers in situations of debt bondage, labor trafficking and forced labor. Migrant workers are particularly vulnerable.</p>	<ul style="list-style-type: none"> ✓ Hire workers directly and locally where possible. ✓ When using recruitment agencies, communicate your business's expectations that they should not charge fees to job applicants, unless legally required. ✓ If a recruitment agency must charge fees, communicate that the fees charged to the workers must not be above the legal amount allowed, and must be disclosed to the business. ✓ Pay for all costs and fees associated with recruitment and travel of migrant workers from their home to the workplace, as well as costs associated with their return home, if their relocation is not permanent. ✓ Pay for all fees associated with employment (e.g. visa, work permit, transportation, medical, etc.) of migrant workers, and fully reimburse them for any fees previously charged as soon as practicable. ^{xxiii} ✓ Speak with workers in your business to understand their recruitment process and any fees charged by any recruitment agencies. • Good practice: Collate a list of the countries or locations which have laws or regulations which charge migrant workers fees and cross-check this list when using recruitment agencies to help identify future risk.

The Employer Pays Principle: No worker should pay for a job.

The costs of recruitment should be borne not by the worker but by the employer.

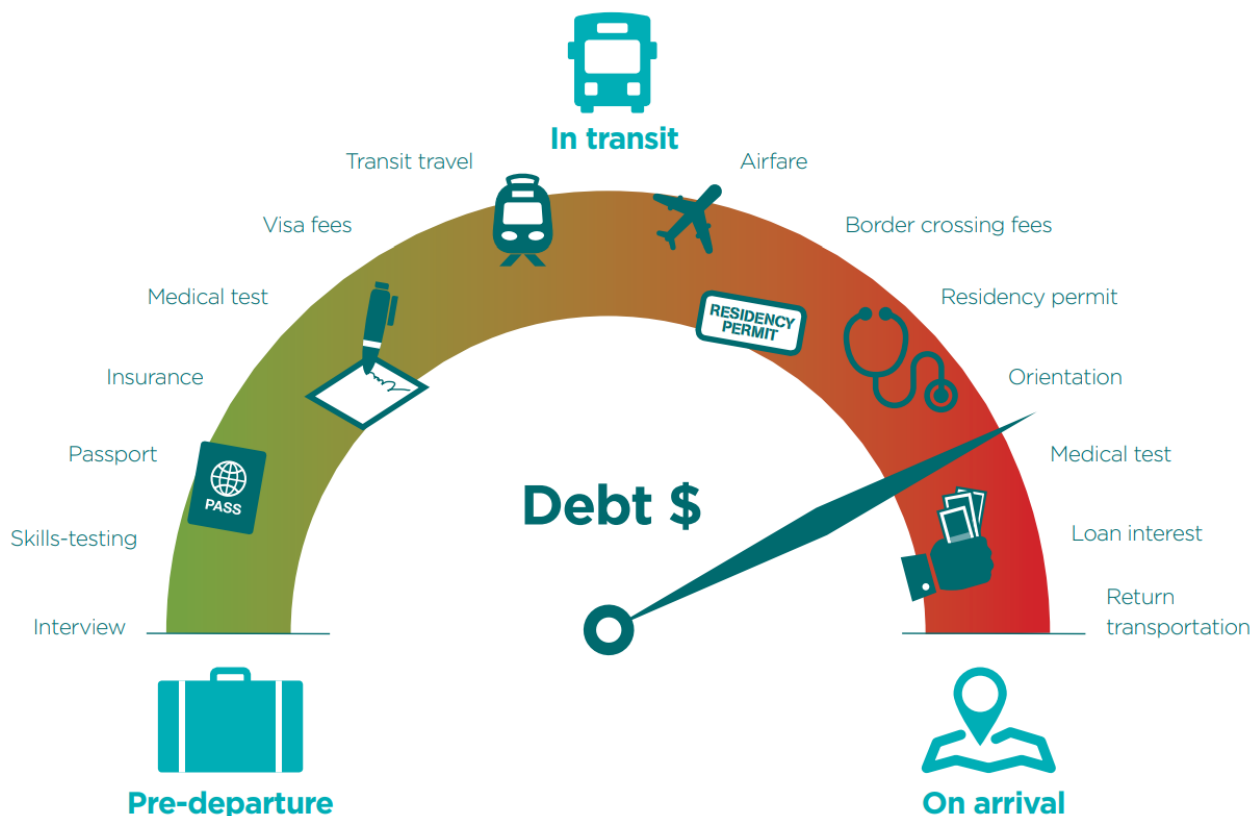
Reflecting the Dhaka Principles for Migration with Dignity, adoption of the Employer Pays Principle is fundamental to combatting exploitation, forced labor and trafficking of migrant workers and represents an important step in achieving the UN Sustainable Development Goal of decent work for all.

Hearing Victim’s Voices

“Back home in Bangladesh, a recruitment agent offered me a job in a palm oil plantation in Malaysia. He told me that with the high wages I would earn, I could easily pay back the \$1,500 recruitment fee needed to buy this job...After arriving on the plantation, my boss deducted most of my wage for no reason, and I ended up never earning any money... My father sold a piece of land and paid the smugglers US \$2,000 through an agent in Bangladesh. While I managed to get home, my family was left with nothing.”

-Male Bangladeshi victim exploited in Malaysia^{xxiv}

Migrant Worker Recruitment Fees: The Increasing Debt Burden^{xxv}



2) OPERATIONS AND WORKING CONDITIONS²

A business through its own working practices may inadvertently place its workers in situations of modern slavery. Below are the most common examples^{xxvi}:

Risk factor	Explanation of the Risk	Actions Suppliers Should Take
Workers live in accommodations provided by the SME supplier*	<p>There is a risk that businesses which provide housing to migrant workers may be exerting control over them and limiting their freedom of movement. This is particularly a risk if employers monitor the workers' movements, implement a curfew, or limit workers from leaving the worksite without the employer's permission.</p> <p>Some businesses or their employees may take advantage of workers, requiring them to perform commercial sex acts to reside in the accommodation.</p>	<ul style="list-style-type: none"> ✓ Ensure workers know they have the freedom of movement outside of working hours, without scrutiny or permission, unless there are legitimate safety or security reasons provided. ✓ Speak with workers, especially female workers, to better understand their living conditions and any safety or security concerns they may have. ✓ Train staff on what to look for to identify potential instances of modern slavery and establish a response plan that includes a safe complaint mechanism. ✓ If sex trafficking is suspected, collect information on the circumstance and call a non-emergency police line, or share information with a human trafficking hotline.
The wages of workers are withheld, delayed, or reflect wage deductions*	<p>Employers may not withhold a worker's earned wages, delay payments, or pay wages with cash-alternatives such as coupons or gift certificates. When an employer alters or delays the payment of wages, it increases the vulnerability of a worker and may subject them to forced labor.</p>	<ul style="list-style-type: none"> ✓ Pay wages on a timely basis and directly (at least monthly, e.g. via a bank account), to all workers. ✓ Compensate workers for overtime at greater than regular hourly rates, and according to national law. ✓ For each pay period, provide workers with an understandable statement explaining payment for work performed and overtime worked. ✓ Any wage deductions permitted under national law should be clearly communicated to workers before employment commences. ✓ Do not use wage deductions as a disciplinary measure. ✓ Do not substitute wages with cash-alternatives such as coupons or gift certificates, as this limits a workers' options to use their wages as they wish.

² To learn more about modern slavery risks that may appear a business' operations, see here [GBCAT website].

<p>Workers are required to work beyond the working hours set by national law (mandatory overtime) and/or do not receive overtime pay*</p>	<p>A business that requires workers to work with no or limited rest, or has set wages so low that workers will be required to work overtime in order to earn a minimum wage, may be creating a situation which amounts to forced labor.</p>	<ul style="list-style-type: none"> ✓ Ensure workers do not work more than the maximum working hours set by law, including overtime. ✓ Ensure workers are compensated for overtime worked. ✓ Ensure all overtime labor is voluntary and workers are not penalized for refusing to work overtime. ✓ Provide workers with regular breaks. ✓ Provide workers at least one day off for every seven days worked.
<p>Identity documents or personal possessions of workers are retained by the SME supplier or a third party such as a recruitment agency*</p>	<p>While a business may hold onto a workers' identity documents for safe keeping, it may be viewed as exerting control over workers and limiting their freedom of movement.</p> <p>Identity documents such as passports, work permits, residency permits, identity cards and birth certifications enable migrant workers to move between their workplace and their home country. When a recruitment agency or employer holds onto these documents, workers may feel unable to leave or to seek new employment.</p>	<ul style="list-style-type: none"> ✓ Ensure that all workers possess and retain control of their identifying and/ or working documents during the recruitment process as well as during employment. ✓ If a worker's personal information or identity documents are needed, obtain consent to make photocopies of the documents and promptly return the original documents to the worker. ✓ Ensure workers have unrestricted and immediate access to their personal possessions and identity documents. • Good practice: Provide individual lockers or storage space in a secure location where workers can place their personal belongings and working documents and which are accessible anytime, without permission required.
<p>Workers do not have access to a complaint mechanism*</p>	<p>A complaint mechanism enables workers to raise issues on a variety of topics, including concerns related to indicators of modern slavery.</p>	<ul style="list-style-type: none"> ✓ Develop and promote a simple complaint/grievance mechanism that is accessible to all workers in a language they understand. ✓ Ensure that workers can submit complaints anonymously, and without retaliation. ✓ Ensure the designated person to handle complaints is trained in confidentiality and has a procedure to follow once a complaint is received.

3) BUSINESS PARTNERS³

A SME supplier may be implicated in financial, legal, or reputational risk if one of its business partners, such as a supplier or contractor, is engaged in modern slavery practices. This may be of particular concern during peak or urgent production times, when a business partner is under pressure to meet client deadlines and demands and may feel compelled to quickly hire new workers or require existing workers to work long hours.

At a minimum, SME suppliers should assess their most critical and largest business partners to better understand some of the modern slavery risks that may be associated with the business. These risks could stem from for example, a business partner's workforce (e.g. composed of low-skilled or migrant workers), its working conditions (e.g. long hours with no pay) or treatment of workers (e.g. limited freedom of movement with threats). In addition to the risks identified in section 1 and 2 (see asterisks) which are also relevant to the business partners of SME suppliers, other prominent risks are included below:

Risk factor	Explanation of the Risk	Actions Suppliers Should Take
Business partner has limited understanding of modern slavery and risks	A business partner which is unfamiliar with modern slavery risks will be unable to identify situations of modern slavery as well as prevent them from occurring.	<ul style="list-style-type: none"> ✓ Share this document with your business partners to help them understand what modern slavery is and the steps they can take to identify, prevent, and address it within their operations and business partnerships.
Business partner lacks a policy or process to identify and prevent modern slavery risks	A business partner which lacks a policy or process may not be well equipped to be able to identify, prevent or address a situation of modern slavery if it occurs.	<ul style="list-style-type: none"> ✓ Encourage business partners to develop a simple policy prohibiting the use of modern slavery in their operations and business relationships. ✓ Encourage business partners to speak with their workers to better understand any concerns about treatment, working or living conditions. ✓ Encourage business partners to have a method for their workers to raise complaints on a range of issues, including working conditions and worker treatment free of reprisal. • Good practice: Conduct audits of business partners to assess how modern slavery risks are being addressed

³ To learn more about modern slavery risks that may occur with your business partners, see resources here

<p>Business partner uses a recruitment agency or labor broker to source workers</p>	<p>The business partner may have limited visibility into the employment practices of the recruitment agency.</p>	<ul style="list-style-type: none"> ✓ Encourage business partners to inform recruitment agencies that they work with that they are committed to ethical recruitment. ✓ Encourage business partners to speak with any workers hired through a recruitment agency about their recruitment experience. • Good practice: Encourage business partners to conduct due diligence on their recruitment agencies to ensure they are not creating situations of modern slavery for workers. See “Recruitment of workers” section above for more guidance.
<p>Business partner sources goods or services from other business partners that are in high risk industries or geographies</p>	<p>Sourcing from any supplier, even two or three steps removed from your own business, that engage in a form of slavery can damage the company’s reputation and increase financial and legal risks.</p>	<ul style="list-style-type: none"> ✓ Encourage business partners to share their statement prohibiting the use of modern slavery with these businesses. • Good practice: Encourage business partners to cascade your business’ expectations on modern slavery or its expectations (whichever is more stringent) to these businesses.

PREVENTING RISKS FROM OCCURRING⁴

This section introduces recommended policies, procedures, and practices that a SME supplier can implement to help prevent the incidence of modern slavery across all risk areas, as well as an overview of the key stakeholders that should be engaged by the business in its efforts to reduce or eliminate risks. These steps are particularly recommended for larger suppliers, who will be expected to have formal policies and procedures in place and publicly documented.

Recommended Policies, Procedures, and Practices

1. **Business Code of Conduct:** Integrate the prohibition of modern slavery into the business’ Code of Conduct. At minimum, the Code should state that the business does not tolerate any form of modern slavery and that the business will train its staff to be able to identify indicators of modern slavery. It should also acknowledge that the business will conduct staff training on any changes in policies or procedures to raise awareness and ensure compliance.
2. **Supplier Code of Conduct:** Develop or integrate the prohibition against modern slavery into the business’ Supplier Code of Conduct, which is intended to set forth the business’s expectations of its business relationships on key topics. The Code should at minimum prohibit any business partners, including contractors and suppliers, from engaging in any form of modern slavery. The Code should also cover working conditions and worker treatment.

⁴ To find guidance on recommended policies, procedures and practices, and examples for business and supplier codes of conduct, see resources here [[hyperlink to GBCAT website](#)]

3. **Complaint mechanism:** Business should offer workers a safe and confidential means to raise concerns without fear of retaliation from management. A complaint mechanism – also known as a grievance or an accountability mechanism— can help improve the living and working conditions of workers. If effective and trustworthy, it can also help manage reputational risk, as concerns can be addressed privately instead of publicly. See the box below for more details.^{xxvii}

Engaging your company’s stakeholders in the effort to identify, prevent and address modern slavery risks

- **Engage with your workers regularly, and train them on the Business Code of Conduct:** Educating workers on what is and is not acceptable in the workplace is critical to operationalizing a Business Code of Conduct, and to ensuring that the company’s complaint mechanism is effective in raising issues as they occur within the business and its business partners. Consider engaging in informal discussions with workers on an ongoing basis, particularly workers who may be considered vulnerable or from marginalized backgrounds, to understand the challenges they may face in the workplace. Consider also speaking with worker committees or trade union representatives, to better understand if workers are aware of their rights.

Training on the Business Code of Conduct

Larger suppliers will be expected to have in place a workplace training on the Business Code of Conduct. The training should be directed at workers who manage areas which carry a risk of modern slavery, including (but not limited to) staff that oversee the business’s hiring practices, payment of wages, worker accommodations, overtime shifts and relationships with business partners.

The training should cover at minimum:

- ⇒ *What modern slavery is and its relevance to the business;*
 - ⇒ *Relevant indicators associated with forms of modern slavery;*
 - ⇒ *The business grievance mechanism and reporting procedures to address situations of modern slavery;*
 - ⇒ *Ways in which your business is aiming to prevent modern slavery from taking place within its operations and in its business partners;*
 - ⇒ *Relevant national law related to modern slavery, especially responsible recruitment, wage payment practices and workers’ rights (i.e. freedom to leave).*
- **Educate your business partners:** Share this document, the Supplier Code of Conduct, and any other relevant resources with your business partners to help them understand what modern slavery is and the steps they can take to address it. Encourage business partners to also develop a policy prohibiting the use of modern slavery in their operations and supply chains.
 - **Explore Partnership Opportunities with Victim Support Organizations:** Civil society organizations, industry associations, and employment organizations can help enhance your understanding of modern slavery risks and assist in addressing any risks once identified. They can also speak with workers in their native languages to help identify issues before they escalate. Establish relationships with victim support organizations before an incident is ever reported to ensure a timely response for any victims. Find organizations and initiatives supporting business on anti-modern slavery efforts around the world through the [Interactive Map for Business on Anti-Human Trafficking Organizations](#).

ADDRESSING RISKS OF MODERN SLAVERY ⁵

A SME supplier should have in place a process to respond to a situation of modern slavery if it arises. Having a proactive approach can help the business better manage any financial, legal or reputational exposure while protecting victims.^{xxviii} It is recommended that SME suppliers identify ahead of time partners and support services that can assist vulnerable workers and survivors in advance of any incidents. Support service partners help to ensure that survivors can access necessary rights, including access to healthcare services, legal advice and representation, police services, and financial and housing assistance, as necessary.^{xxix}

1) If a victim of modern slavery is identified within your business:

- Determine who will be responsible for engaging with the victim and ensuring remediation.
- Ensure anonymity and confidentiality to the greatest extent possible. Ensure the victim will be supported and protected through the process and not be retaliated against for raising the issue.
- Partner with trusted local stakeholders (e.g. social service organization, including healthcare services, legal advice and representation, police services, and financial and housing assistance, as necessary) who can assist you.
- Steps should be taken to either compensate the victim or restore their situation to safety, including if possible:
 - reimbursement of recruitment fees or illegal deposits.
 - compensation for lost wages or illegal wage deductions.
 - compensation for pain and suffering endured; and
 - assistance with repatriation, if desired.
- Recognize that the victim may still wish to keep their job, as they may be the sole income generator for their family or for other personal reasons.
- If remaining at the business is not appropriate, support the victim in finding safe employment elsewhere.
- If the situation involves criminality or violence, the case should be referred to national authorities (where this is seen as viable). It should be understood whether referrals will put victims (and their families) at risk of further harm.^{xxx}

2) If you encounter a situation of modern slavery outside of your business:

- Report the situation to the local police, provided doing so will not subject the victim to additional harm or punishment and the police are not known to be corrupt.
- Help facilitate or provide the victim with access to compensation.
- Support the victim in finding safe, alternative employment.

Conduct regular checks to ensure that improvements made to your approach in identifying, preventing, and addressing modern slavery remain effective, and document your findings and the results of any corrective action taken.

⁵ For further guidance on how to develop a remedial action plan, see here [[hyperlink to GBCAT website](#)]

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