

Data Jam

PASOS LIBRES

FORCED LABOUR IN SUPPLY CHAINS: RAW MATERIALS

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ORGANIZED CRIME



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Platzi

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DATAJAM PASOS LIBRES PARTICIPANT HANDBOOK

FORCED LABOUR IN SUPPLY CHAINS: RAW MATERIALS

This Participant Handbook seeks to support the DataJam Pasos Libres participants by providing an overview of the issue of forced labour in supply chains and its associated fundamentals. The Handbook is also an open-access educational resource which aims to encourage and mobilize young people, students, practitioners and the general public to join the efforts to eradicate forced labour in supply chains. The Handbook is divided into six topics that consist of valuable inputs from global reports, conventions, papers, case studies, leading organizations and authors' contributions.

ABOUT

DataJam Pasos Libres Online

The DataJam Pasos Libres is an international technological competition against modern slavery and an alternative learning scenario to educate the next generation of citizens capable of disrupting human trafficking and forced labour through innovation, entrepreneurship, and technology

www.ibm.com/events/co/en/datajam/

Fundación Pasos Libres

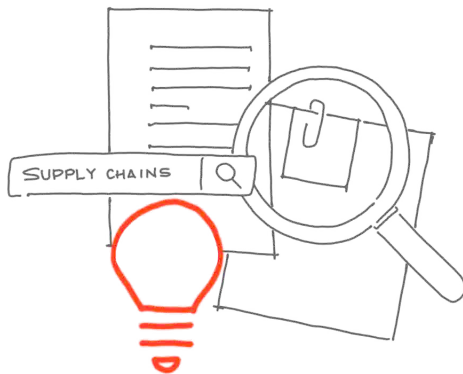
Fundación Pasos Libres is a Colombian not-for-profit organization that seeks to revolutionize the way to prevent and disrupt human trafficking and forced labour through the design, development, and implementation of innovative strategies.

www.fundacionpasoslibres.org/en/

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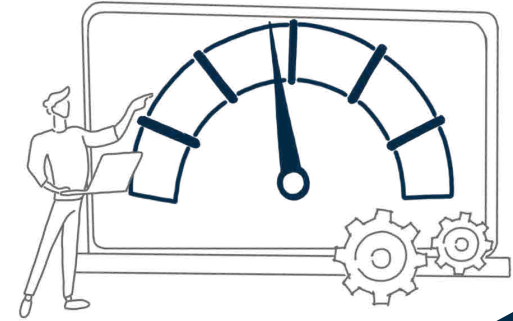
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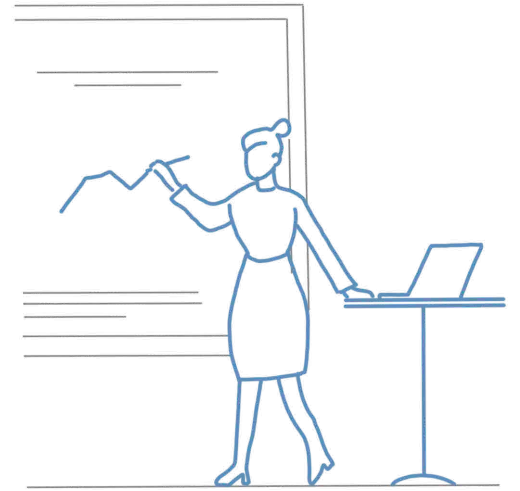
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KEY CONCEPTS



A universal definition of forced labour and its associated concepts is critical to developing reliable data, measuring change, and mobilizing stakeholders to address the matter. However, establishing a universal understanding of forced labour has been reportedly challenging due to a multiplicity of social, economic, political, and cultural factors, as well as the complexity of the issue itself.

This section will address the definition of forced labour, child labour, supply chain and raw materials. It also will briefly explain the difference between forced labour and human trafficking. For the avoidance of doubt, this Handbook will use the International Labour Organization (ILO) definition of forced labour, which has been widely accepted, adopted and followed.

KEY CONCEPTS

A What is Forced Labour?

Forced or compulsory labour shall mean all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily ([International Labour Organization, 1930](#)).

This definition consists of three elements:

Work or service refers to all types of work occurring in any activity, industry or sector including in the informal economy.

Menace of any penalty refers to a wide range of penalties used to compel someone to work.

Involuntariness: The term “offered voluntarily” refers to the free and informed consent of a worker to take a job and his or her freedom to leave at any time. In the case that an employer or recruiter makes false promises or provides disinformation, the worker would not be considered as offering themselves voluntarily as they would have otherwise not accepted the work should they have been fully informed.



KEY CONCEPTS

A What is Forced Labour?

According to the [International Labour Organization \(2017\)](#) forced labour can be grouped into three categories:

Forced labour exploitation refers to all forced labour (excluding for commercial sexual exploitation) imposed by private agents such as forced domestic work and forced labour in both formal and informal sectors of the economy (e.g. agriculture, service sector, hospitality, construction).

Forced sexual exploitation refers to adults involuntarily entering or trapped in commercial sexual exploitation, and all forms of commercial sexual exploitation of children.

State-imposed labour refers to work exacted by the public authorities, the military, or paramilitary, compulsory participation in public works, and forced prison labour.

Exceptions for the scope of the 1930 Convention:

- Compulsory military service
- Normal civic obligations
- Prison labour (under certain conditions)
- Work in emergency, situations (such as war, calamity or threatened calamity e.g. fire, flood, famine, earthquake)
- Minor communal services (within the community)

KEY CONCEPTS

B What is Child Labour?

Child labour is defined as "work that deprives children of their childhood, their potential and their dignity, and that is harmful to their physical and mental development" ([International Labour Organization, 2021](#)).

Overall, child labour encompasses work performed by children in any type of employment, with two important exceptions:

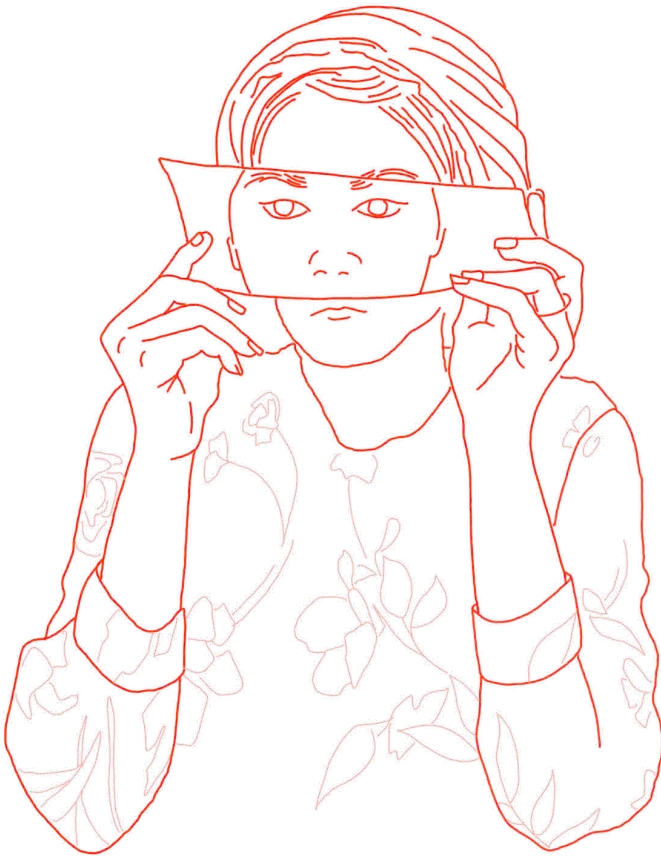
Permitted light work for children within the age range specified for light work;

Work that is not classified as among the **worst forms of child labour**, particularly as hazardous work, for children above the general minimum working age. It includes hazardous unpaid household services.



KEY CONCEPTS

C Forced Labour and Human Trafficking



It is essential to address and understand forced labour and human trafficking as two distinct concepts and not synonymous. Although the debate about the differences, boundaries and intersections between both concepts is still open in legislative, political, and academic spheres, it is possible to identify fundamental differences in their approaches and origins.

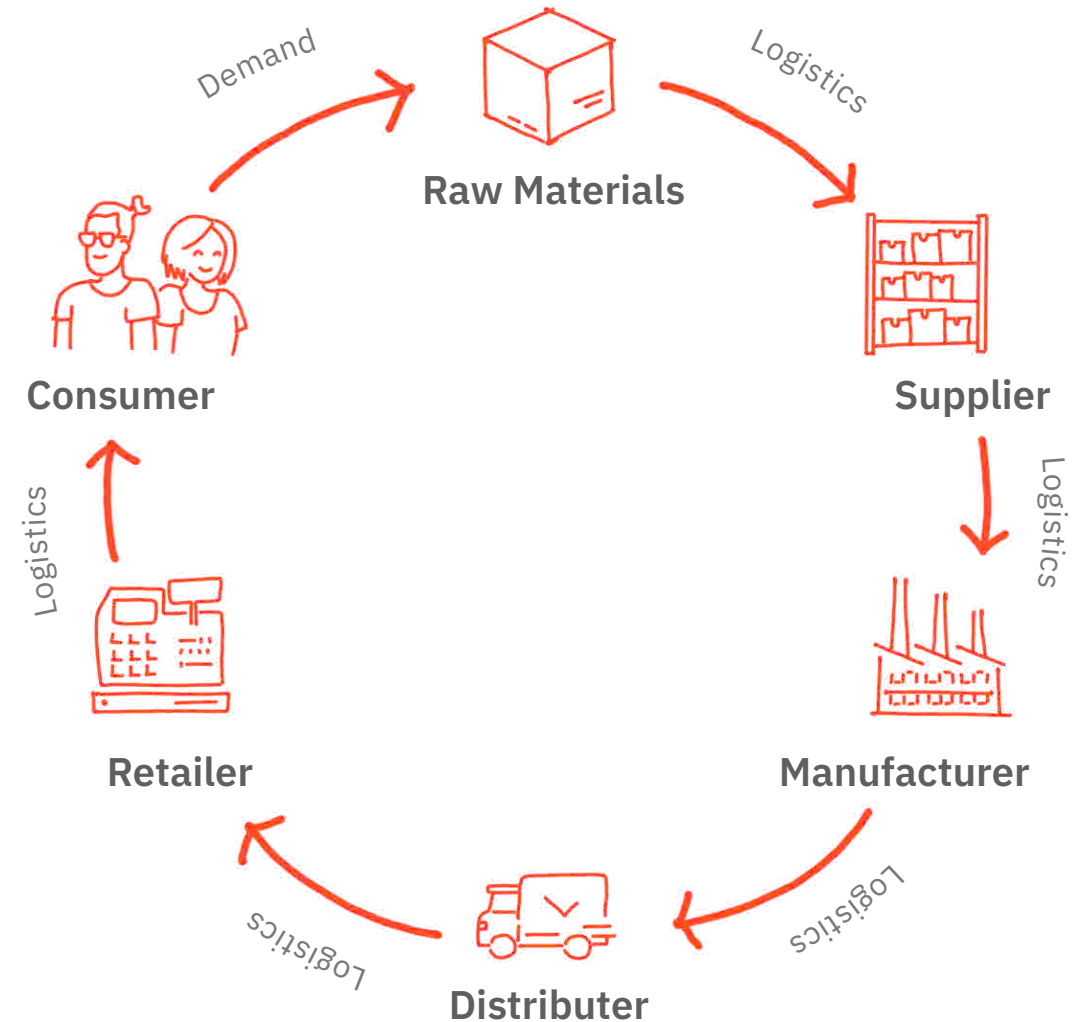
On the one hand, the concept of forced labour emerged from a labour approach in the framework of ILO Fundamental Conventions, which cover basic principles and rights at work. Therefore, the concept is profoundly linked to the purpose of ensuring equity, social progress, eradication of poverty, and economic growth.

On the other hand, human trafficking responds to the criminal justice approach of the United Nations Convention against Transnational Organized Crime (UNTOC). The Convention recognizes human trafficking as a crime and consequentially developed a specific protocol to address the issue, as known as the Protocol to Prevent, Suppress and Punish Trafficking in Persons, especially Women and Children. Entered into force in 2003, the Protocol is the first global legally binding instrument addressing human trafficking.

KEY CONCEPTS

D What is a Supply Chain?

The supply chain is a connected network of individuals, organizations, resources, activities and technologies involved in the manufacturing and selling of products and services. According to the [Corporate Finance Institute](#), the "supply chain is an entire system of producing and delivering a product or service, from the very beginning stage of sourcing the raw materials to the final delivery of the product or service to end-users". The supply chain consists of several phases and elements such as raw materials extraction, manufacturing, information flow, money flow, marketing and sales.



KEY CONCEPTS

D What is a Supply Chain?

The International Labour Organization (2016) highlights that global supply chains are complex, diverse, fragmented, dynamic and evolving organizational structures. They are intricate commercial and physical connections between the echelons where product, cash flows and information move. Critical areas for a supply chain network include:

Information: refers to the communication between the echelons in a supply chain to coordinate production and transportation.

Cash flow: refers to the payment for both products and services in a supply chain.

Product: is the fundamental unit to be transported from one echelon to the next, and to the final consumer.

Inventory: refers to the amount of finished and unfinished product in each echelon of a supply chain.

Transportation: is the function in charge of moving cargo from one echelon to the next and the final consumer. There are different transportation modes such as trucking, container ships, planes, and other non-traditional methods such as drones.

Facilities: refers to the physical locations of factories and warehouses for storage. Facility location is probably one of the most important strategic decisions a supply chain manager can make as it will determine the performance, i.e., responsiveness and efficiency, of the supply chain network.

Suppliers: refers to the agents in the supply chain network that provide products or services for the operation of the supply chain.

Demand: is the number of products that consumers are willing to buy.

KEY CONCEPTS

E What is a Raw Material?

A raw material is an unprocessed natural substance or mineral used in a manufacturing process for providing finished goods. Raw materials become the basic building blocks where the continued, sustainable and affordable supply of these materials is essential for the countries' economies ([European Commission, 2011](#)).

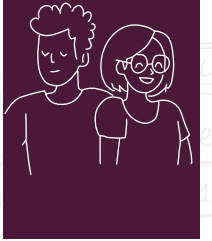
Raw materials can be categorized as direct, when companies or organizations use them directly to manufacture a finished product, and indirect when they aren't part of the final product but were used integrally in all or some part of the production process.

Some types of raw material:

- Animal-based
- Mining-based
- Plant-based



WHO IS VULNERABLE?



Forced labour is found in every country and all parts of the world. However, it affects various populations and demographics differently. People's susceptibility and vulnerabilities to forced labour vary and largely depend on their gender, sexual orientation, ethnic origin and socioeconomic conditions, etc. This section list eight population groups that are particularly vulnerable to forced labour and briefly explains what makes them vulnerable.

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WHO IS VULNERABLE?

Workers in Informal Economies

Due to the lack of regulation of informal economies, workers of those sectors are exposed to exploitative working conditions and often must work in unsafe, unhealthy, and dangerous circumstances. Generally, workers are not registered as employees and thus, do not receive the benefits of fixed and regular wages or social security.

Indigenous People and Tribal Populations

Indigenous people and tribal populations remain unrepresented in social and economic spheres. Companies and perpetrator(s) induce indigenous people living in poverty into debt bondage and exploit them mainly in rural and agricultural activities such as illegal logging, nut collection, cattle farms and sugarcane plantations.

Migrant Workers

Migrants under both regular and irregular status can be trapped into forced labour. However, irregular or undocumented migrants are particularly exposed to work without a minimum wage income, social security, or other guarantees. Moreover, migrant workers can face debt bondage and withholding wages limitations.

Geographically Isolated Workers

People working in remote locations such as islands, forests and mining areas are often invisible to the public. These places are also out of the reach of law enforcement and labour inspectors or authorities, thus making the workers highly vulnerable to being exploited. Employers control and impose workers' conditions, for example, the right to resign, collect their salary and go back home.

WHO IS VULNERABLE?

Refugees and Internally Displaced People (IDPs)

Contexts of war, violence, and persecution provoke people to flee from their countries of origin to seek refuge, protection, and opportunities. Often refugees and IDPs arrive in camps, cities and countries that can't guarantee their minimum living conditions and security. They may also face linguistic barriers and have limited knowledge of local custom and dynamics, as well as of the dangers of the transit and destination locations.

Children and Young Population

Unskilled or illiterate children and young people are vulnerable to forced labour as they are not aware of or familiar with their rights and mechanisms. Some cases may respond to the parent's inability to provide for their children or pay off a family debt. The Youth LGBTQ+ community can be especially vulnerable due to social marginalization and isolation.

Women and Girls

Women and girls are disproportionately vulnerable to forced labour due to structural gender inequalities and patriarchal systems that discriminate and limit the work they can do and restrict them from equal compensation and labour protection. Moreover, the lack of property rights and restrictions on accessing education, among other factors in some countries and cultures, increase women and girls' vulnerabilities.

Prisoners

Prisoners who have been duly sentenced can be bound to work (Penal Labour). However, prisoners are still vulnerable to forced labour, regardless of their criminal status, when authorities imposed work that is not under the law or violates human rights. The free and informed prisoners' consent becomes critical to differentiating between agreed working conditions from forced activities.

WHO IS VULNERABLE?

A Risk Factors, Vulnerabilities and Risk Multipliers

Understanding the risk factors contributing to forced labour is essential to addressing the problem, as well as to designing policies and interventions for preventing and mitigating it. Concerning the potential victims, their risk factors leading to forced labour can be identified at multiple levels, ranging from:

- Individual and family level factors
- Peer and community level factors
- Macro environment and system level factors

Concerning perpetrator(s), they reportedly share several risk factors with forced labour victims, including having been a former victim of physical/drug abuse, family violence and having low social, educational and economic backgrounds. These similarities suggest that preventive efforts/programs addressing risk factors of potential victims might also effectively help prevent other individuals from becoming perpetrator(s).

Institute of Medicine and National Research Council (2013)
Confronting Commercial Sexual Exploitation and Sex Trafficking of Minors in the United States.



WHO IS VULNERABLE?



Note: These risk factors can be present simultaneously across different levels mentioned above, and when functioning in combination, they might present a higher overall risk to the vulnerable groups in the presence of a perpetrator/offender.

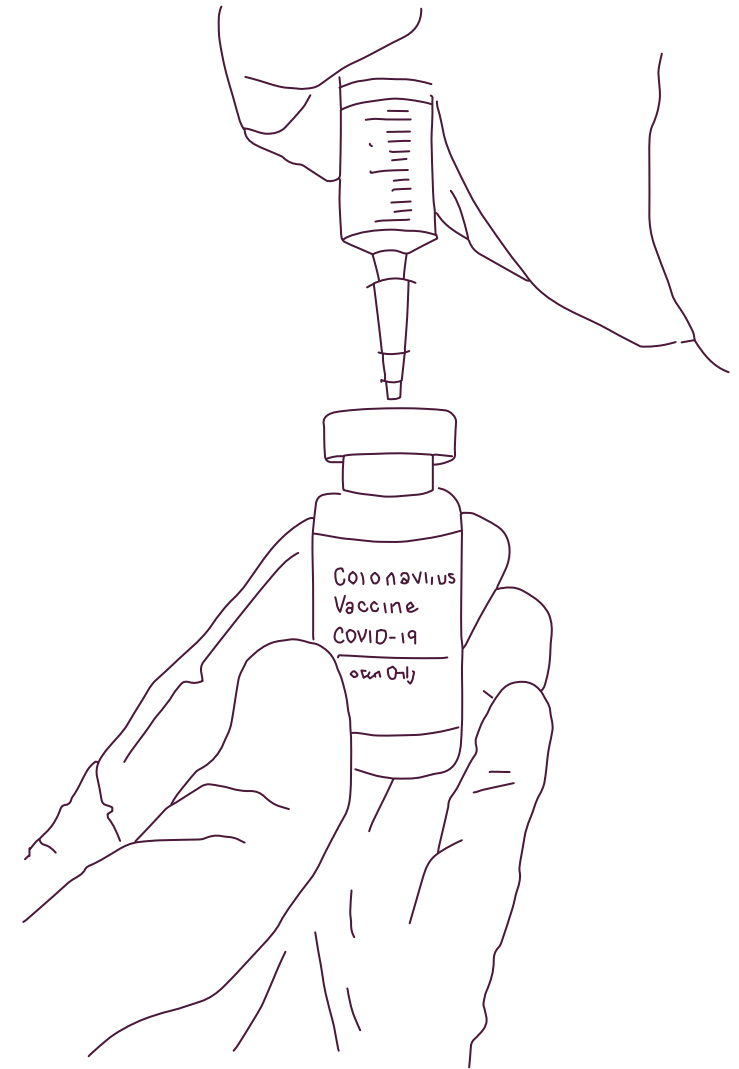
WHO IS VULNERABLE?

B The coronavirus pandemic as a risk multiplier: impacts on forced labour situations in the global supply chains

Economic drivers and forced labour risks are intensified as a result of the pandemic-induced crises: millions of jobs have been lost worldwide, global economic activity declines, thus vulnerabilities have increased not only among existing victims but also among those who were previously less vulnerable to forced labour.

There is also likely to be an increasing shift towards informality and illegality in both formal and informal supply chains, creating more opportunities for labour exploitation, in particular at a time when states and stakeholders' attention and capacity are elsewhere.

This increase in informality and illegality is expected to be amplified and maintained in the long term – structural changes caused by abrupt shocks tend to persist long after the shocks or crises are over. Furthermore, when people lose jobs, livelihoods and have little alternatives (no social safety nets), they are more likely to turn to illicit actors, markets, and activities (e.g., engaging in risky and exploitative situations and jobs) for survival.



INDICATORS OF FORCED LABOUR



Recognizing the importance and the difficulty of identifying people trapped in forced labour, the International Labour Organization created the Indicators of Forced Labour. This section summarizes the set of 11 ILO indicators that help stakeholders recognize the most common signs that point to the possible existence of a forced labour case. Depending on the circumstances, one or several indicators can be present in a forced labour situation.

INDICATORS OF FORCED LABOUR



Abuse of Vulnerability

Refers to the situations where an employer takes advantage of a worker's vulnerable position to impose excessive working hours, withhold wages, force the realization of dangerous activities, mistreat or threaten. Worker's vulnerabilities include unemployment, illiteracy, disability, belonging to a minority, being isolated/in a foreign place, having personal documents confiscated, etc. In this situation, workers must submit due to dependency on the employer or lack of alternative livelihood options.

Deception

Refers to the failure to deliver what has been promised to the worker when recruiting them, such as well-paid work, food, shelter, educational opportunities, or even the regularization of the immigration status. These promised working conditions do not materialize (or in some cases, even worsen with time) when workers start their job, leaving them trapped in abusive situations without the ability to escape.

INDICATORS OF FORCED LABOUR

Restriction of Movement

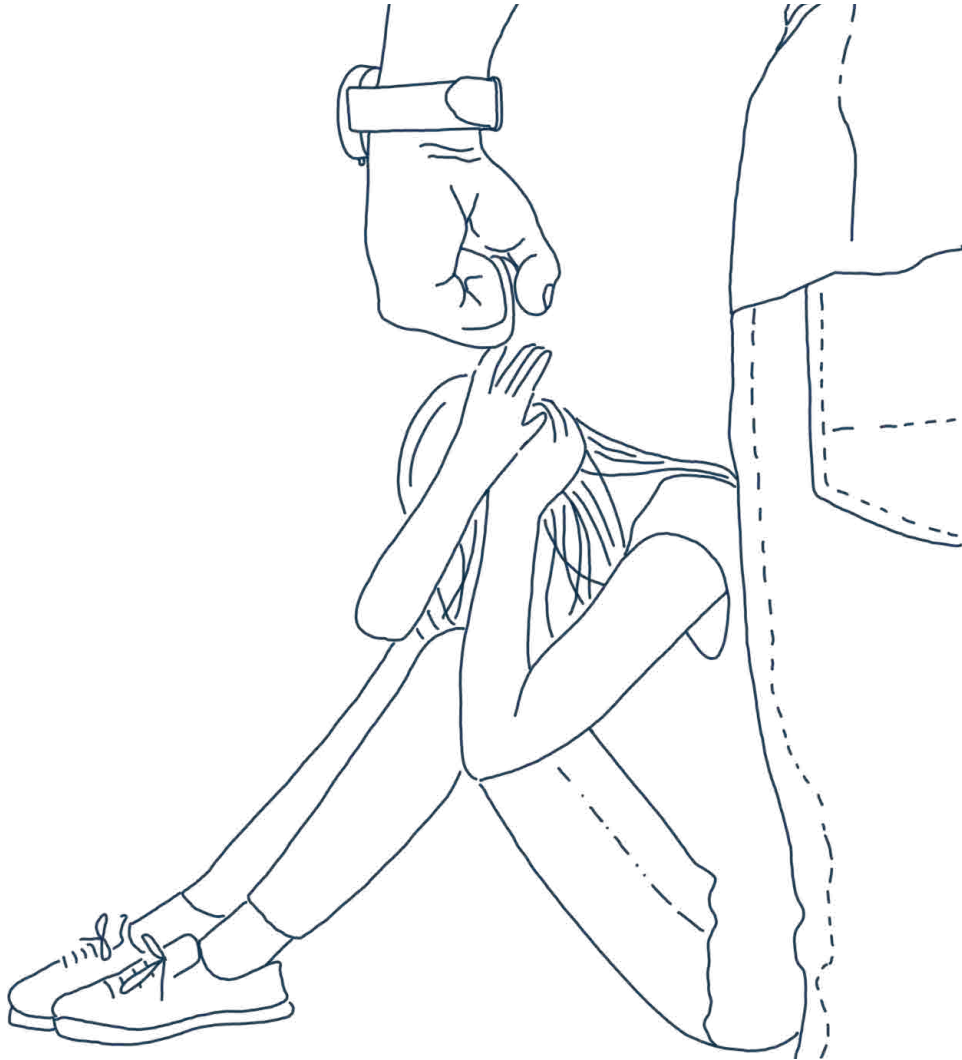
Refers to the situations where a worker cannot freely enter or leave their workplace or is transferred to a remote and unknown place so they can't escape. Despite some reasonable circumstances in which workers are not free to enter and exit the work premises (e.g., safety and security), the permanent surveillance of laborers in and outside the workplace through cameras, guards or agents can be a sign of forced labour.

Isolation

Refers to when workers are locked up or isolated from the outside world as an attempt to prevent them from filing complaints about working conditions or from escaping. The isolation also seeks to disorient the victims and prevent them from making contact with relatives, friends or authorities. A worker could be locked up or isolated both in remote and populated areas.



INDICATORS OF FORCED LABOUR



Physical and Sexual Violence

Physical and sexual violence is used to dissuade the victims from escaping or reporting their situation, as well as to obligate them to undertake tasks that were not part of the initial agreement and/or to perform sexual activities. Perpetrator(s) reportedly use corporal punishment, sexual violence, forced drug consumption or even kidnapping to enforce compliance and exert control over the victims.

Intimidation and Threats

Perpetrator(s) intimidate and threaten workers when they complain about their conditions or wish to quit their jobs. It can be materialized in physical violence, denouncing their migration status to the authorities, loss of wages or access to housing, further worsening of working conditions or withdrawal of “privileges” such as the right to leave the workplace and take breaks.

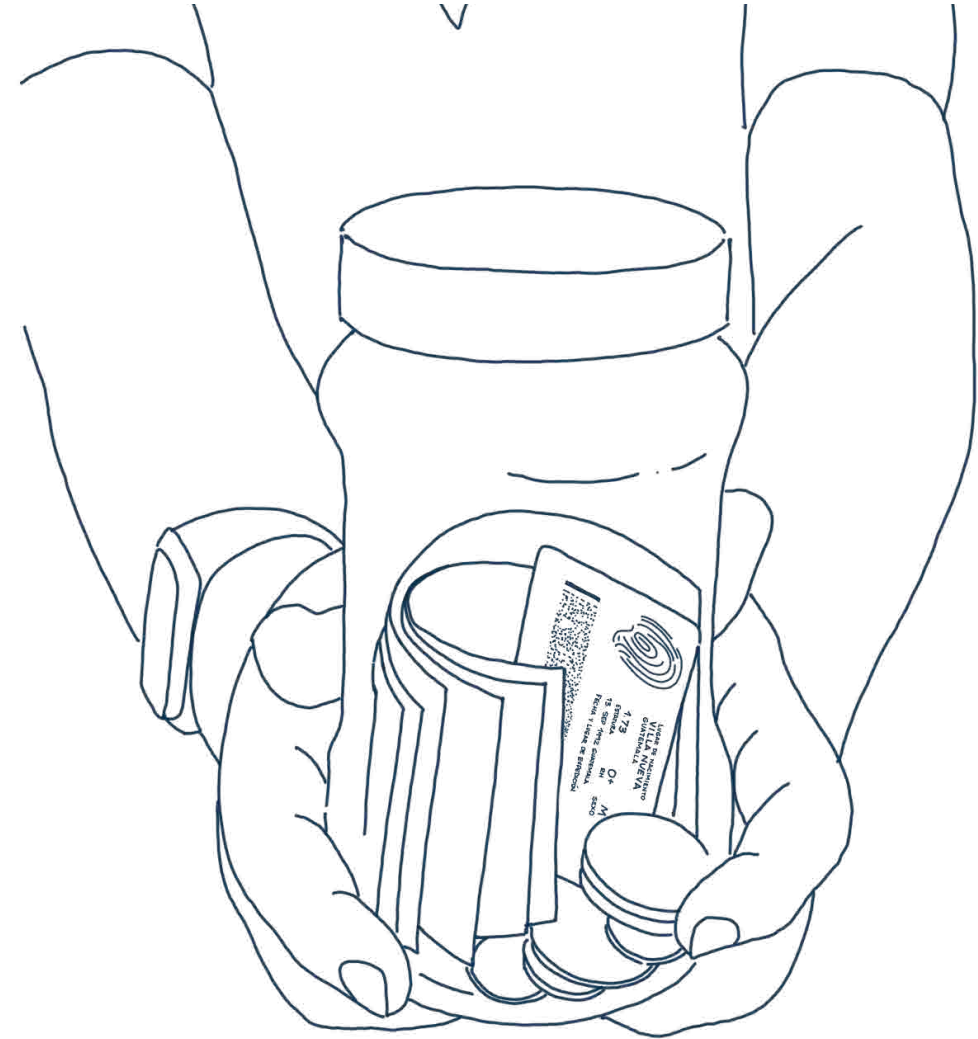
INDICATORS OF FORCED LABOUR

Retention of Identity Documents

Perpetrator(s) remove and retain worker identification documents as a means of control and deterrence. The withholding or destroying of important documents acts as a strategy to dissuade workers from seeking authorities' help as it erases the workers' personal identities, as well as from having the opportunity to reach other jobs and access healthcare and social services.

Withholding of Wages

Perpetrator(s) systematically and deliberately withhold wages to force workers to stay while denying them the opportunity to seek other jobs. The lack of income or delay of wages prevents workers from accessing resources to support themselves or from quitting the job, thus increasing their vulnerabilities.



INDICATORS OF FORCED LABOUR



Debt Bondage

Victims of forced labour may have to pay off debts acquired for salary advances, loans, hiring costs, transportation, medical expenses and even inherited debts. The perpetrator(s) can easily alter the amount to be paid by taking advantage of the victim's illiteracy and ignorance of prices or exchange rates. The lack to access to licit financial sources (banks, etc.), make them turn to illicit channels or loan sharks to finance their personal, household livelihoods, needs and shocks (eg. medical bills, sickness).

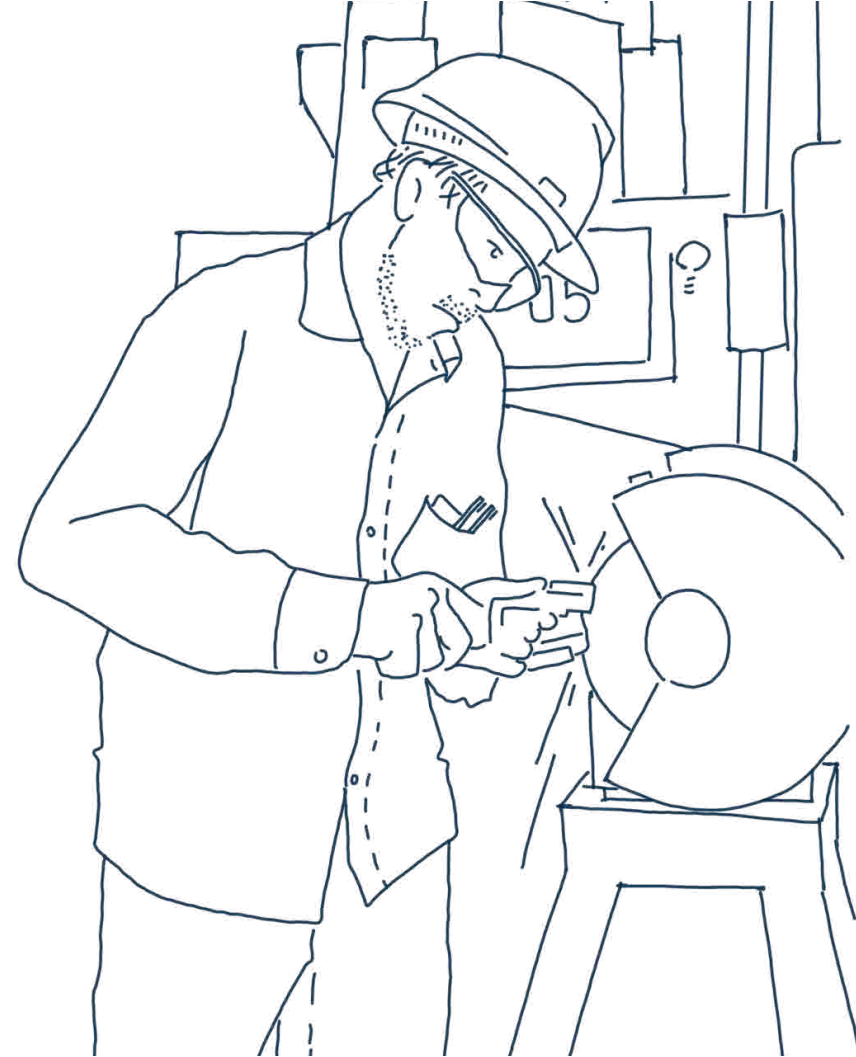
Abusive Working and Living Conditions

Workers have to work and live in precarious circumstances characterized by overcrowded and unhealthy conditions such as poorly ventilated rooms, no bathrooms, and drinking water worsened by the Covid-19 as they lack personal protective equipment (masks, hand sanitizers, etc.). Furthermore, they might not have access to a hospital or medical help in case they catch the virus. Perpetrator(s) can force employees to perform degrading or hazardous work without adequate protective gear.

INDICATORS OF FORCED LABOUR

Excessive Overtime

Workers are exposed to excessive hours of work without a clear or fixed schedule. Perpetrator(s) seek to increase production with fewer people than required and without adequate compensation, violating government regulations. The breaks and days off are limited or eliminated, increasing people's risk of getting sick or dying from accumulated fatigue or having accidents due to tiredness and disease.





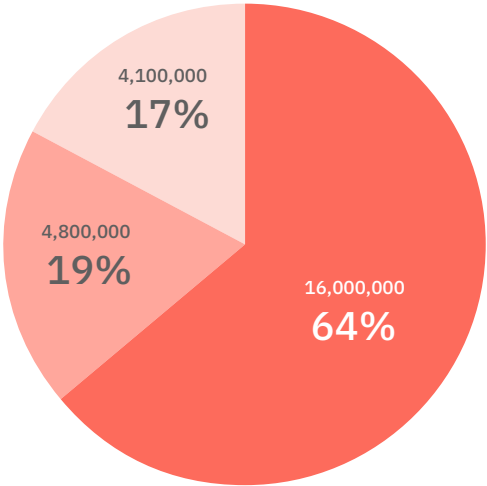
THE SCALE OF THE PROBLEM

Due to the complex nature of forced labour, it is almost impossible to estimate the actual scale of the issue. Accurate, reliable and updated data is essential to addressing and eradicating forced labour in supply chains. International organizations such as the International Labour Organization and Walk Free Foundation, in close cooperation with governmental organizations, agencies, foundations and NGOs, have conducted and published several indices, prevalence estimates and country-specific studies and reports in an attempt to understand and map the global scale and scope of the problem. This section presents the most recent forced labour and child labour statistics as well information about the industries, raw materials and products of the formal and informal economy with higher indices of forced labour in its supply chains.

THE SCALE OF THE PROBLEM

A Statistics and Prevalence

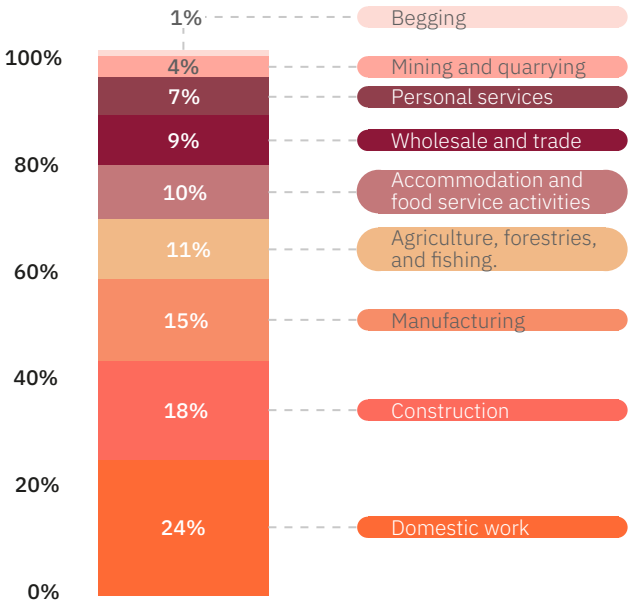
Number and percentage distribution of victims of forced labour, by sub-category



- Forced labour exploitation
- Forced sexual exploitation
- State-imposed forced labour

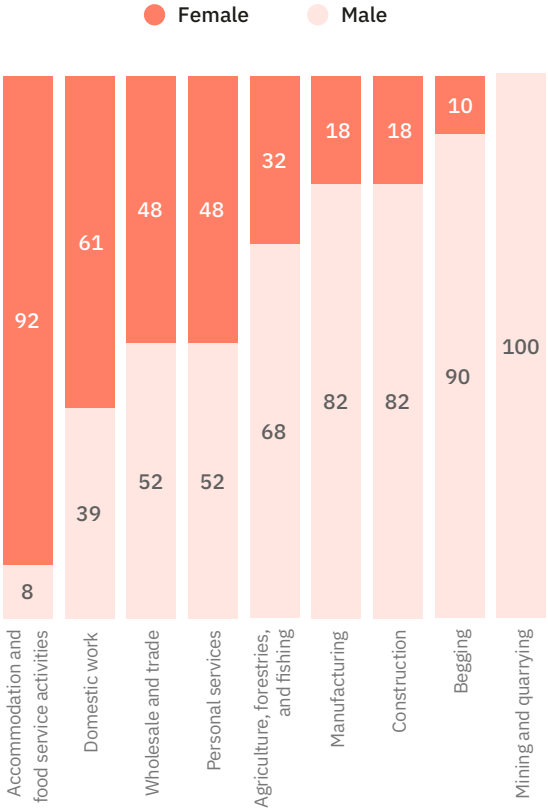
Sector of forced labour exploitation

(a) Sectoral distribution of victims of forced labour exploitation



NOTE: (a) These figures are based on cases of forced labour exploitation where industry was reported. Information on the industry was available for 65 per cent of total cases of forced labour exploitation; and (b) with the exception of begging, categories are based on the International Standard Industrial Classification of All Economic Activities, Rev.4 (1-digit level).

(b) Sex distribution of victims of forced labour exploitation, by sector of economic activity



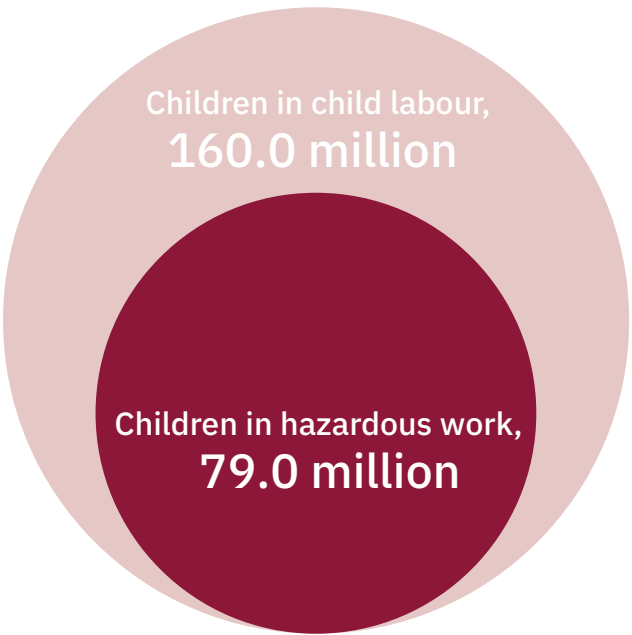
International Labour Organization (2017). Global estimates of modern slavery: Forced labour and forced marriage.

THE SCALE OF THE PROBLEM

A Statistics and Prevalence

Worldwide, 160 million children are engaged in child labour; 79 million of them are performing hazardous work

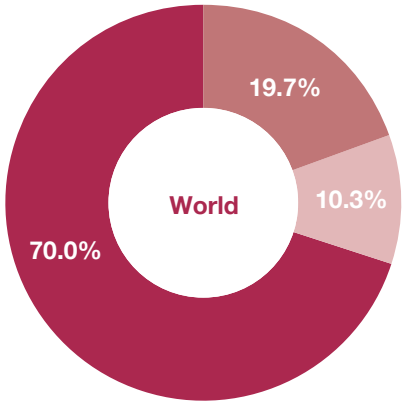
Number of children aged 5 to 17 years in child labour and hazardous work



The agricultural sector accounts for the largest share of child labour worldwide.

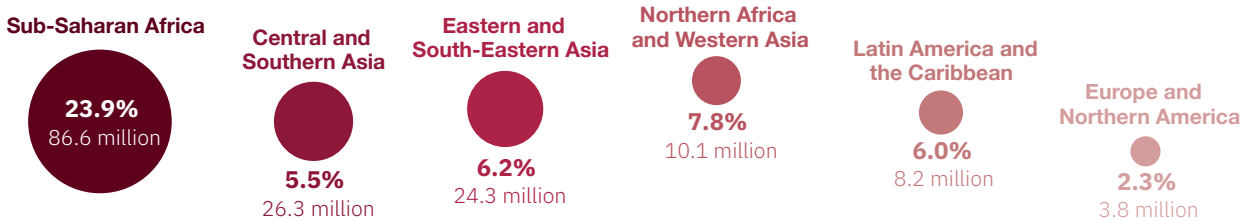
Percentage distribution of children aged 5 to 17 years in child labour, by sector of economic activity

- Agriculture
- Services
- Industry



Sub-Saharan Africa stands out as the region with the highest prevalence and largest number of children in child labour

Percentage and number of children aged 5 to 17 years in child labour, by region



NOTES: The size of the bubbles is proportionate to the absolute number of children in child labour. The figure shows regional groupings used for SDG reporting. The region of Oceania is omitted because of low data coverage. For this reason, region-specific numbers do not add up to the global total.

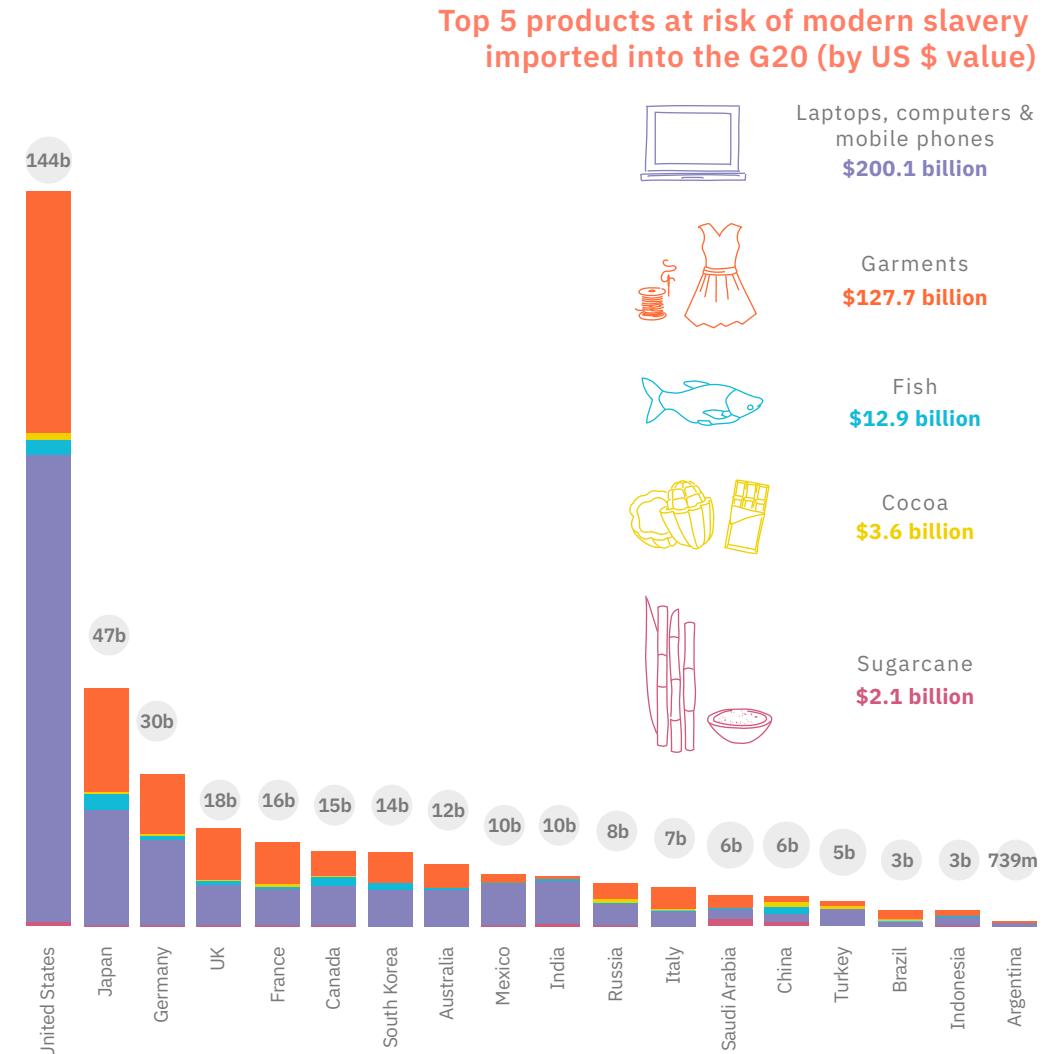
International Labour Organization (2021). Child Labour: Global estimates 2020, trends and the road forward.

THE SCALE OF THE PROBLEM

B Commercial Flows (Export and Import Risk)

In addition to accurate information about individual forced labour cases, the offer and demand are critical elements to understanding the prevalence of forced labour in certain countries, products and supply chains. Mapping both the source and destination of the products and services produced by forced and child labour is critical to draw a more comprehensive panorama of the scale of the issue.

Collectively, G20 countries are importing US\$354 billion worth of at-risk products annually. This ranges from a minimum of US\$739 million for Argentina, to a maximum of US\$144 billion for the United States ([Walk Free Foundation, 2018](#)).



Walk Free Foundation (2018). Global Slavery Index 2018.

THE SCALE OF THE PROBLEM

C Formality-Informality Overlaps in the Supply Chains

Both formal and informal sectors are susceptible to labour exploitation

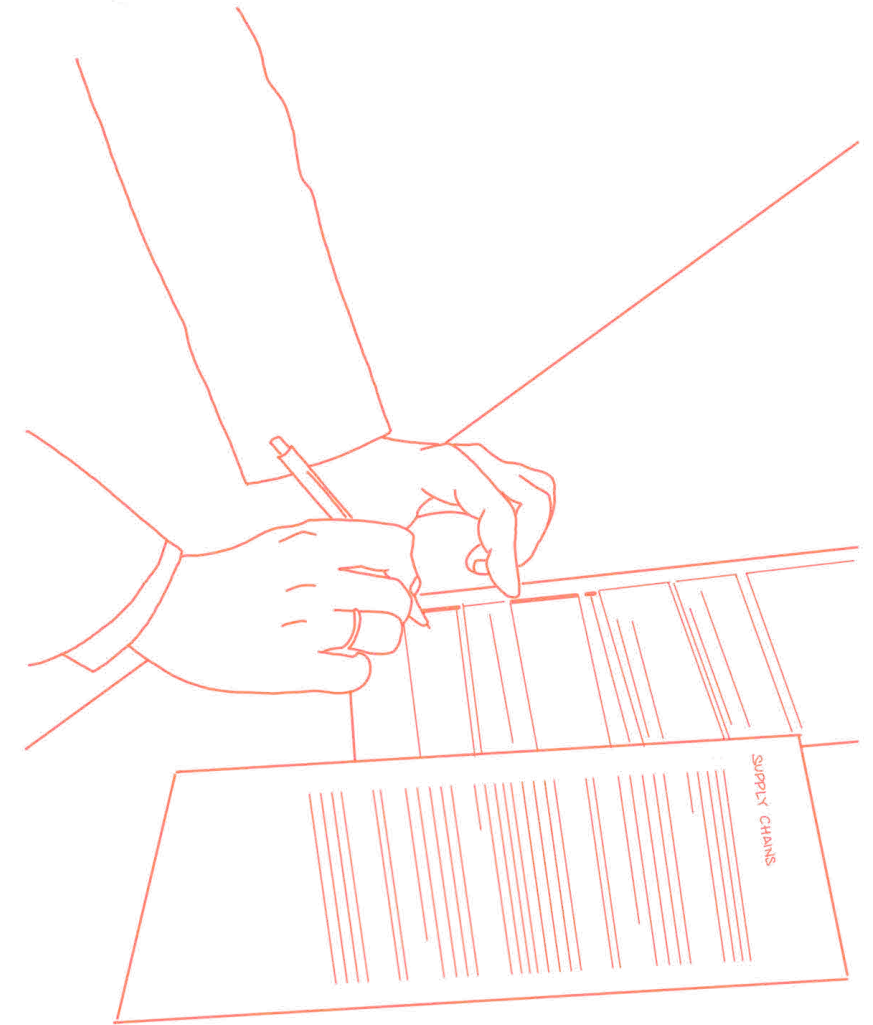
Forced labour exists both in the formal sectors of the global economy, ranging from agriculture, forestry, to construction and garments, as well as in the informal sectors, such as domestic work, street vendors and services, seasonal work in agriculture and fishing (where the work is not registered).

Elements of informality and illegality in the supply chains

The informal sectors are highly susceptible to forced labour given that they are largely unregistered and thus, more likely not to comply with labour protections and laws. Enterprises and workers in the informal sectors are also not formally and legally protected.

When forced and bonded labour is identified in formal sectors such as construction and manufacturing, there often co-exists the element of informality (and sometimes illegality) in the form of informal and/or illegal employment and the purchase of goods (often raw materials or unfinished products) from suppliers.

Examples include: (i) contractors and intermediaries are used to hire seasonal and temporary workers, thus making such formal sectors increasingly informal; (ii) raw materials or goods from suppliers (often upstream) such as precious metals (cobalt, gold, mica), cacao, precious woods (rosewood, timber), and clothes are collected/obtained or made by the use of forced labour (e.g., worst forms of child labour, sweatshops, 'blood' diamond/chocolate).



THE SCALE OF THE PROBLEM

Goods and services produced by forced labour in the informal sector, such as mica mined by Indian children, cacao harvested by Ghanaian children, and cobalt mined by DR Congo children under hazardous and exploitative conditions, can then be collected and sold via a broker to a legitimate manufacturer, which are then refined and sold to international companies such as L'Oréal, Nestle and Tesla, thus formally joining the global supply chains in the forms of finished makeup products such as eyeshadow, blush and lipstick, chocolate bars or electric car batteries (in which cobalt is a key component). These examples show the highly intertwined relationship between the formal and informal/illegal sectors where forced labour occurs.

THE SCALE OF THE PROBLEM

D Industries at Risk

Given the interconnectedness of today's globalized world and supply chains, forced labour can be found in all parts of the supply chains, as well as in most industries and sectors worldwide. Although exploitation can occur at all levels of the supply chain, it generally happens in the early stages of extraction and manufacturing of millions of products that people consume every day. Addressing the connection between companies, providers, consumers, regulators, and forced labour is essential to understanding the extent and severity of the issue.

Agriculture, manufacturing, extractives, construction, fishing, forestry, among other industries are highly susceptible to forced labour. This is partly due to their role in producing raw materials used for the manufacture of multiple goods and services. These sectors also generally employ low-skilled workers and target countries in the Global South to cut labour costs. Furthermore, criminal activities are often found penetrating these sectors to reduce costs while at the same time increasing production scales, at the expense of the workers' rights and their working conditions.



THE SCALE OF THE PROBLEM

E Examples of Industries at Risk

Agriculture

Agriculture is often seasonal and implies the constant movement of workers from one site to another. Generally, seasonal workers do not have a stable income, labour protection, health insurance, or social security. Farms and plantations are usually located in remote places, and due to the lack of transportation and other facilities, workers have to live there in camps or shelters.

Extractives and Mining

In mineral-reliant countries, workers, both adults and children, are especially exposed to highly hazardous working conditions in this sector, including exposure to harsh chemicals and lack of personal protective equipment. Extractive and mining locations are usually concentrated in remote areas making workers physically unable to escape. Debt bondage, physical isolation, and threats are common in this sector.

Fishing

Fishers are vulnerable to severe forms of forced labour on board fishing vessels since they have to work in remote locations with limited labour inspection and protection, as well as for long periods (months and even years). Evidence suggests that migrant workers are particularly vulnerable to being forced to work for long hours at very low pay and under the threat of force or by means of debt bondage.

Manufacturing

The fabrication, processing, preparation and production of finished products from raw materials are the primary sources of employment worldwide. Workers may face hazardous working conditions such as extreme temperatures and the use of dangerous chemicals and machinery. Deception and debt bondage correlated with recruitment are often reported in this sector, in which labour brokers and contractors are highly involved.

THE SCALE OF THE PROBLEM

E Examples of Industries at Risk

CHOCOLATE INDUSTRY

FASHION INDUSTRY

MINING INDUSTRY

FISHING INDUSTRY

CULTIVATION

Planting, growing, and harvesting cocoa plantations may involve forced labour. Both adults and especially children are susceptible to labour exploitation in cacao fields.

PROCESSING

Cacao pods need to be classified and their beans have to be fermented before they can be sold to the intermediaries or chocolate factories. This process may involve forced labour victims, whose salary (if any) depends on the quantities they process daily.

PRODUCTION

The production of chocolate takes place in the factories, often of international and famous brands. Final products such as chocolate bars or chocolate powder are made with cocoa from legitimate providers and providers which use forced labour.

MARKET

World's famous brands sell their products at stores and supermarkets. Generally, consumers are not aware that the use of forced labour has been part of the making of the chocolate they eat.



THE SCALE OF THE PROBLEM

E Examples of Industries at Risk

CHOCOLATE INDUSTRY

FASHION INDUSTRY

MINING INDUSTRY

FISHING INDUSTRY

EXTRACTION

Workers in cotton crops and raw material extraction are vulnerable to exploitation. They usually live in the exploitation location.

PROCESSING

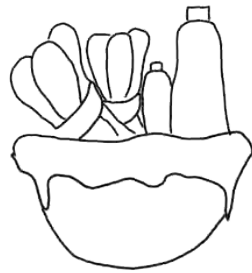
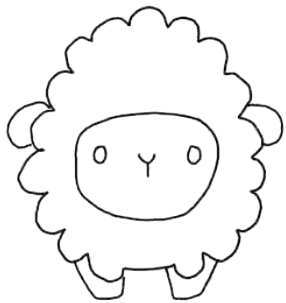
Victims of forced labour must classify and clean vegetable fibers and other materials such as leather. This work involves the use of chemicals that can permanently harm the victims' health.

PRODUCTION

Women and children sew, stick buttons and iron clothes for little remuneration in overcrowded and mistreated conditions, such as in sweatshops. These sweatshops, often in the Global South, directly supply global, high street brands.

MARKET

The fashion industry generates the need to produce garments much faster and at lower costs (fast fashion). Raw materials suppliers and sweatshops exploit vulnerable people to cut labour costs and ensure their profits.



THE SCALE OF THE PROBLEM

E Examples of Industries at Risk

CHOCOLATE INDUSTRY

FASHION INDUSTRY

MINING INDUSTRY

FISHING INDUSTRY

EXTRACTION

Extractive industries are at high risk of operating using forced labour. Mines are the only source of employment in many Global South countries and rely on low-skilled and low-cost labour.

PROCESSING

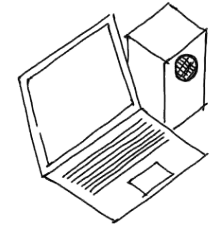
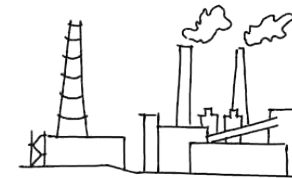
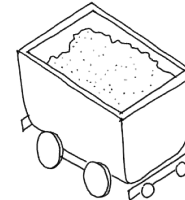
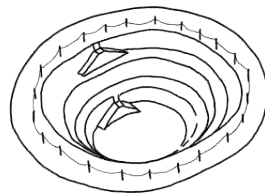
Forced labour victims transport, clean and select the mineral and metals, often exposed to the use of toxic chemicals such as mercury and highly hazardous working conditions.

PRODUCTION

Mining materials are used to produce several products, such as electronic devices and jewelry. The companies that manufacture those products can use also forced labour.

MARKET

Forced labour can occur too far up in the supply chains, thus making it harder for companies to oversee and investigate/trace. However, in a profit-oriented world, many companies just turn a blind eye and avoid liability.



THE SCALE OF THE PROBLEM

E Examples of Industries at Risk

CHOCOLATE INDUSTRY

FASHION INDUSTRY

MINING INDUSTRY

FISHING INDUSTRY

EXTRACTION

Small and medium boats with crews of slaves and low-pay workers fish and transfer the catch to motherships.

PROCESSING

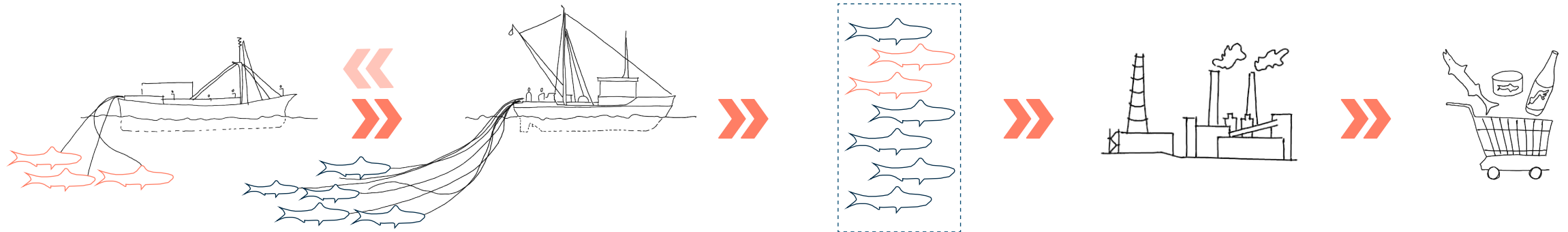
Motherships collect fish from smaller boats. The catch is refrigerated and sold to intermediates or processing factories.

PRODUCTION

The catch is processed by low-skilled and/or migrant workers, women and children with little or no remuneration. The legal catch and the catch that uses forced labour mix.

MARKET

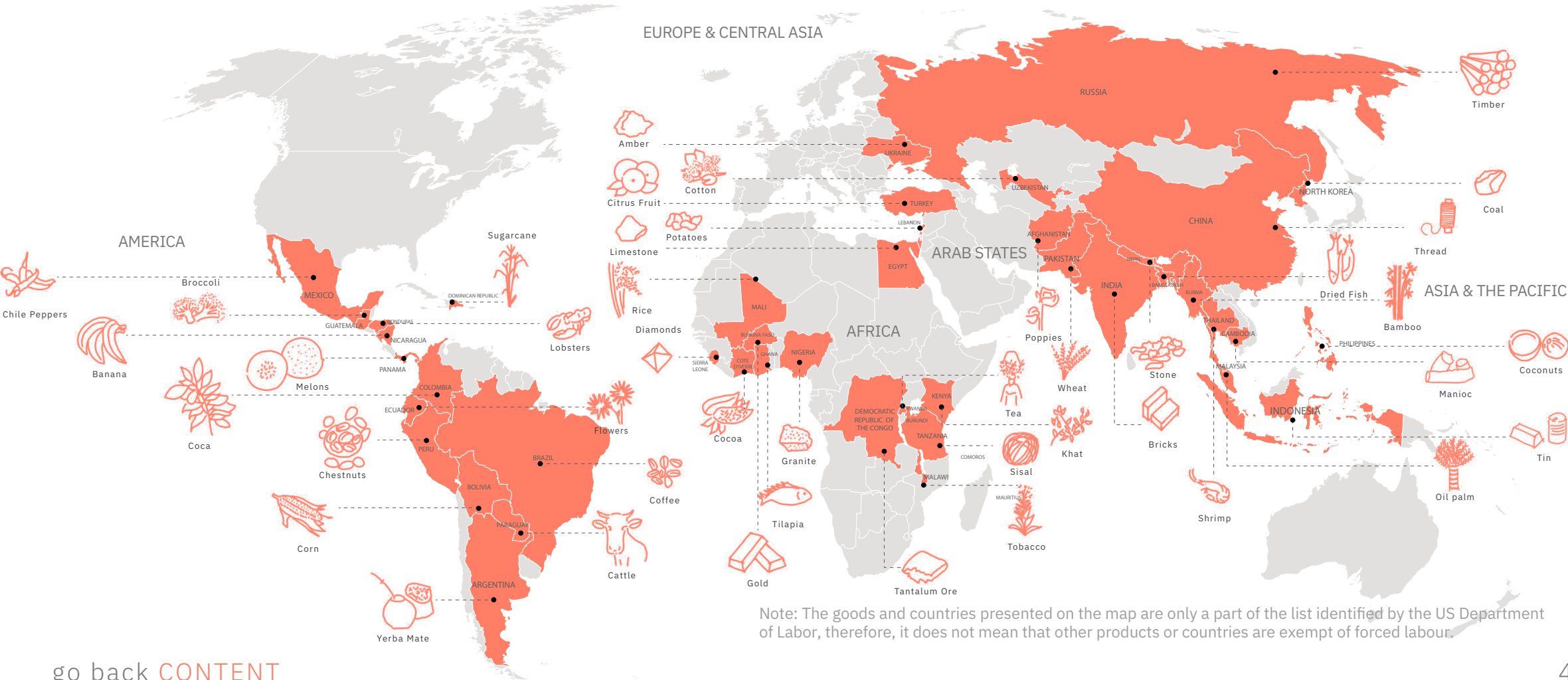
Consumers unwittingly buy and use products that involve forced labour as at their best, they could only identify the labels and potentially the factories which package and produce the goods. Since the supply chain is usually not transparent, it takes significant efforts for consumers to trace the goods' origins.



THE SCALE OF THE PROBLEM

F The Origin of your Products: Forced Labour Presence

U.S. Department of Labor's Bureau of International Labor Affairs (2020). 2020 List of Goods Produced by Child Labor or Forced Labor.



INTERNATIONAL LABOUR STANDARDS

Law and common guidelines are the fundamental base that drives legitimate action, policies and strategies to eradicate forced labour. The achievement of social justice in the global economy will be only possible if all the critical stakeholders adopt and comply with binding and mandatory instruments and encourage actions beyond legal obligations. This section provides a general view of the international labour standards and their application, and lists the main conventions, recommendations, and international instruments on forced and child labour eradication.

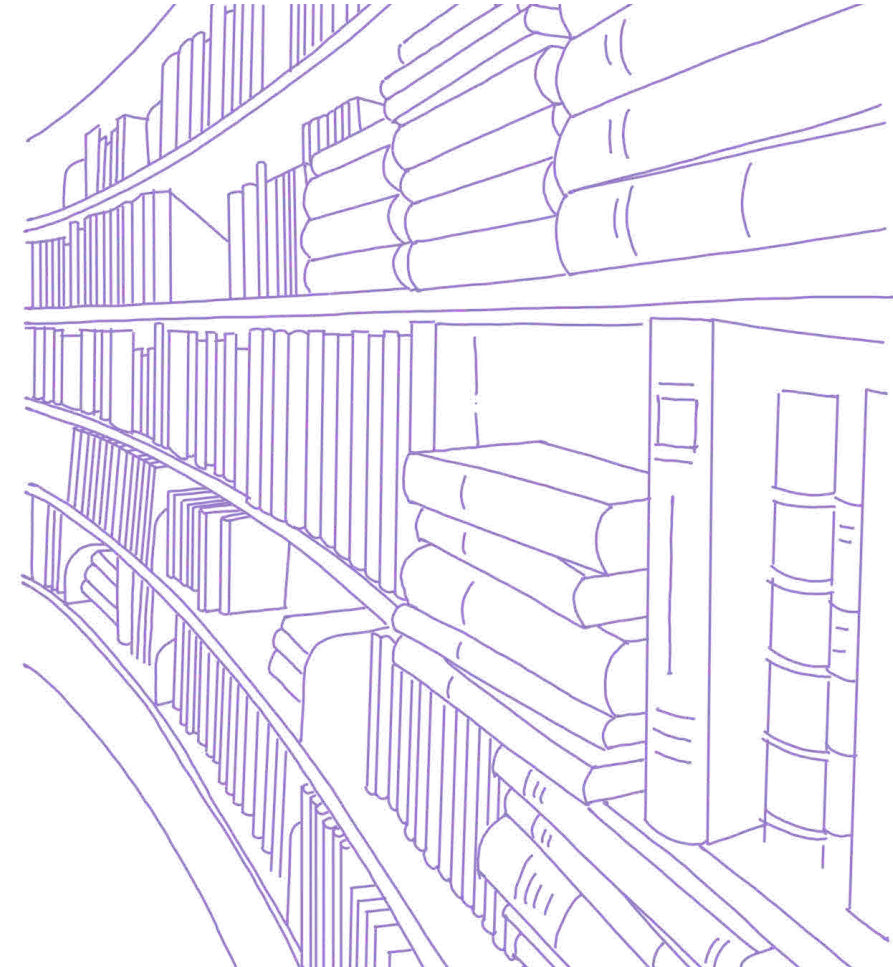
INTERNATIONAL LABOUR STANDARDS

A What are International Labour Standards?

International labour standards consist of a comprehensive set of Conventions (or Protocols) and Recommendations drawn up by the ILO's constituents (governments, employers and workers), setting out basic principles and rights at work, including the eradication of forced labour.

B How are International Labour Standards used?

States, companies, civil society, and international organizations, among other stakeholders, use and apply international labour standards. For example, states use labour standards to develop national labour laws and social policies, companies incorporate them in their corporate social responsibility plans and strategies, and international institutions and civil societies base on them to protect human rights and ensure offenders' accountability.



INTERNATIONAL LABOUR STANDARDS

C How are International Labour Standards used?

Models and Targets for Labour Law

International labour standards serve as targets for harmonizing national law and practice. Some countries use them as models for drafting their law and policy in order to achieve compliance with an international instrument, whether they choose to ratify it or not. Other countries might choose to first ratify ILO Conventions and then work to bring their national law and practice into line after ratification.

Guidelines for Social Policy

International labour standards can guide national and local policies in employment and work areas. Similarly, these standards can be applied to improve administrative structures regarding labour administration, labour inspection, social security, and employment services. They can also be a source of resolution guidelines for multiple industries relations and collective agreements.

Sources of International Law applied at the National Level

Many countries choose to automatically apply international treaties which they ratified to their national law, especially to cases on which their national legislations are inadequate. International labour standards have thus become a universal point of reference, increasingly accepted and deployed by national actors.

Corporate Social Responsibility (CSR)

CSR plays an important role in helping to establish principles and values at enterprises and organizations. At the same time, consumers are increasingly interested in the ethical aspect of the products' supply chains and production, which has led to the voluntary adoption of corporate codes of conduct and principles derived from ILO standards by many companies and multinationals.

International Labour Organization (n.d.)
How International Labour Standards are used

INTERNATIONAL LABOUR STANDARDS

C How are International Labour Standards used?

Other International Organizations

International and regional organizations can contribute to promoting labour standards and considerations, as well as to establishing clear guidelines for the safety and protection of all levels of work within their organizations. International financial institutions, interregional schemes and other international institutions regularly use international labour standards to uphold the protection of the fundamental rights of workers.

Civil Society

Activists and civil society organizations can contribute to apply and demand labour standards. Civil society uses labour standards to promote advances in policy and law and strengthen countries' decent work agendas. In addition, civil society plays a crucial role in ensuring corporate responsibility in the supply chains and accountability from the state.

Free Trade Agreements

Labour provisions have been increasingly incorporated in bilateral and multilateral free trade agreements helping to promote workers' rights protection worldwide. At the same time, those incorporations reaffirm countries' commitment to fundamental rights protection, creating additional benefits at specific international and regional cooperation complexes.

International Labour Organization (n.d.)
How International Labour Standards are used

INTERNATIONAL LABOUR STANDARDS

D Conventions and Recommendations

CONVENTIONS are legally binding international treaties that member States can ratify. They lay down the basic principles to be implemented by ratifying countries. The following are the main conventions on forced labour and child labour.

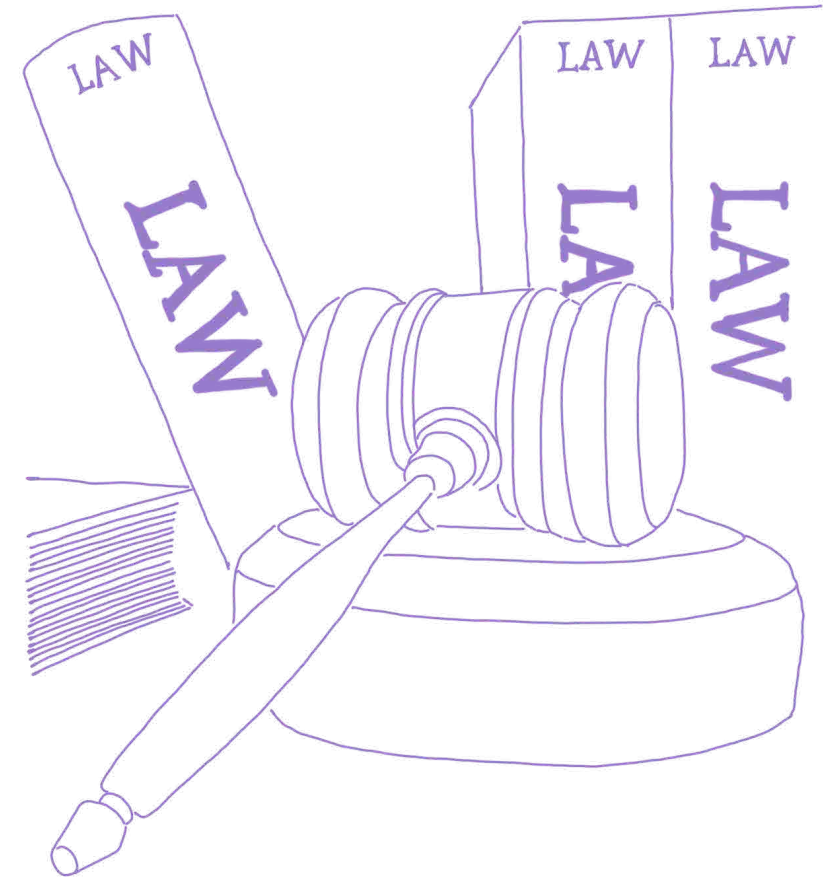
ILO CONVENTIONS

To the abolition of forced labour:

- 1930 Forced Labour Convention
- 1957 Abolition of Forced Labour Convention
- 2014 Protocol of 2014 to the Forced Labour Convention - 1930
- 2014 Forced Labour (Supplementary Measures) Recommendation

To the abolition of child labour:

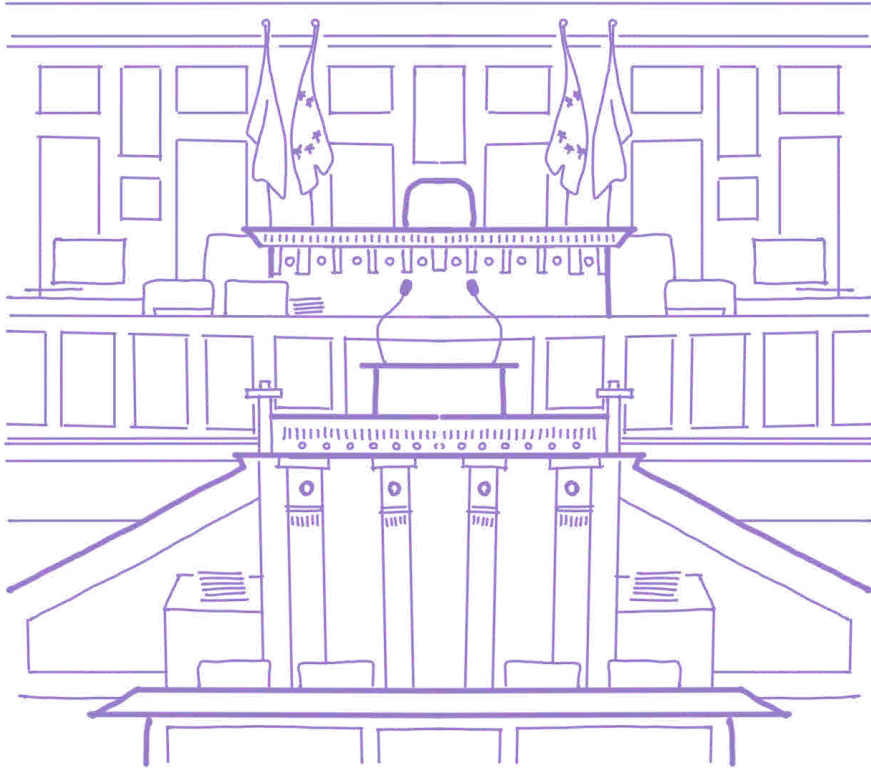
- 1973 Minimum Age Convention
- 1999 Worst Forms of Child Labour Convention



International Labour Organization (n.d.)
Conventions and Recommendations.

INTERNATIONAL LABOUR STANDARDS

D Conventions and Recommendations



REGIONAL CONVENTIONS

In addition to the ILO's fundamental conventions, other international instruments have been developed in the framework of international organizations, political and economic unions, trade blocs, and free-trade agreements.

The following are some examples of those:

- 1950 European Convention on Human Rights
- 1961 European Social Charter
- 1969 American Convention on Human Rights
- 1981 African [Banjul] Charter on Human and Peoples' Rights
- 1993 North American Agreement on Labour Cooperation
- 1998 Social and Labour Declaration (MERCOSUR)
- 2005 Council of Europe Convention on Action Against Trafficking in Human Beings

International Labour Organization (2007).
Eradication of Forced Labour.

INTERNATIONAL LABOUR STANDARDS

D Conventions and Recommendations

RECOMMENDATIONS are autonomous and non-binding guidelines that supplement the Convention by providing more detailed guidance on how it could be applied. To date, the International Labour Organization has made 206 recommendations, 13 about forced labour and child labour. The following are some examples of those:

FORCED LABOUR

- R035 Forced Labour (Indirect Compulsion), 1930 (No. 35)
- R036 Forced Labour (Regulation), 1930 (No. 36)
- R203 Forced Labour (Supplementary Measures), 2014 (No. 203)

ELIMINATION OF CHILD LABOUR AND PROTECTION OF CHILDREN AND YOUNG PERSONS

- R014 Night Work of Children and Young Persons (Agriculture), 1921 (No. 14)
- R041 Minimum Age (Non-Industrial Employment), 1932 (No. 41)
- R080 Night Work of Young Persons (Non-Industrial Occupations), 1946 (No. 80)
- R096 Minimum Age (Coal Mines), 1953 (No. 96)
- R125 Conditions of Employment of Young Persons (Underground Work), 1965 (No. 125)
- R190 Worst Forms of Child Labour Recommendation, 1999 (No. 190)

International Labour Organization (n.d.)
Conventions and Recommendations.



CORPORATE GOVERNANCE IN SUPPLY CHAIN



Companies are one of the most critical actors in the governance of the supply chains once they manage almost all of them globally. Due to the complexity and opacity of the global economy, no company is free of the risk of operating using forced labour. Therefore, companies have a duty not to indulge or tolerate it, whether deliberately or recklessly.

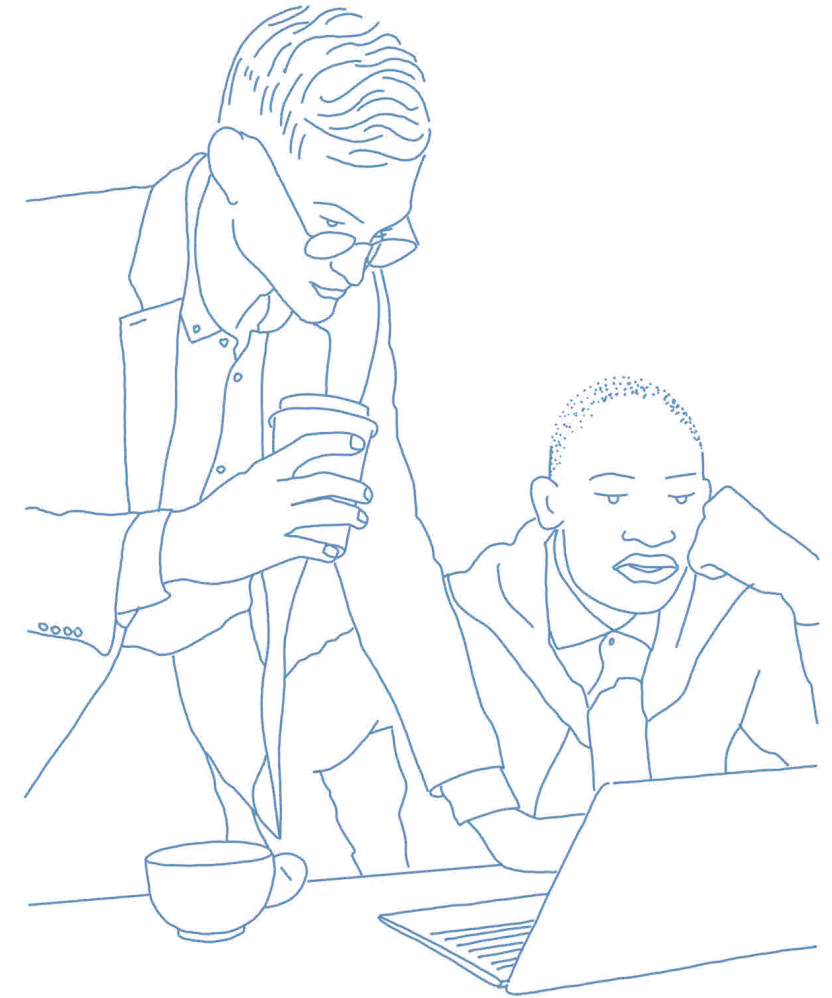
The section briefly describes supply chain disclosure, due diligence and reporting as three critical steps towards keeping supply chains free of forced labour. It is important to highlight that other key processes such as supplier management, auditing & QSA, recruitment and training are not addressed but are equally important.

CORPORATE GOVERNANCE IN SUPPLY CHAIN

A Supply Chain Disclosure

Most companies reporting under Transparency in Supply Chains Legislations have complex global supply chains, which makes the identification of forced labour a challenge. Companies need to accurately identify or map out their supply chain, building a sound understanding of their own supply chains to define the boundaries of the report and support the identification of risk.

Disclosing all suppliers and geographic regions within a forced labour statement illustrates that companies are serious about assessing risks within their supply chain. This information is also needed by the consumers, investors, campaigners, and the public to make informed decisions about their interaction with the company.



CORPORATE GOVERNANCE IN SUPPLY CHAIN

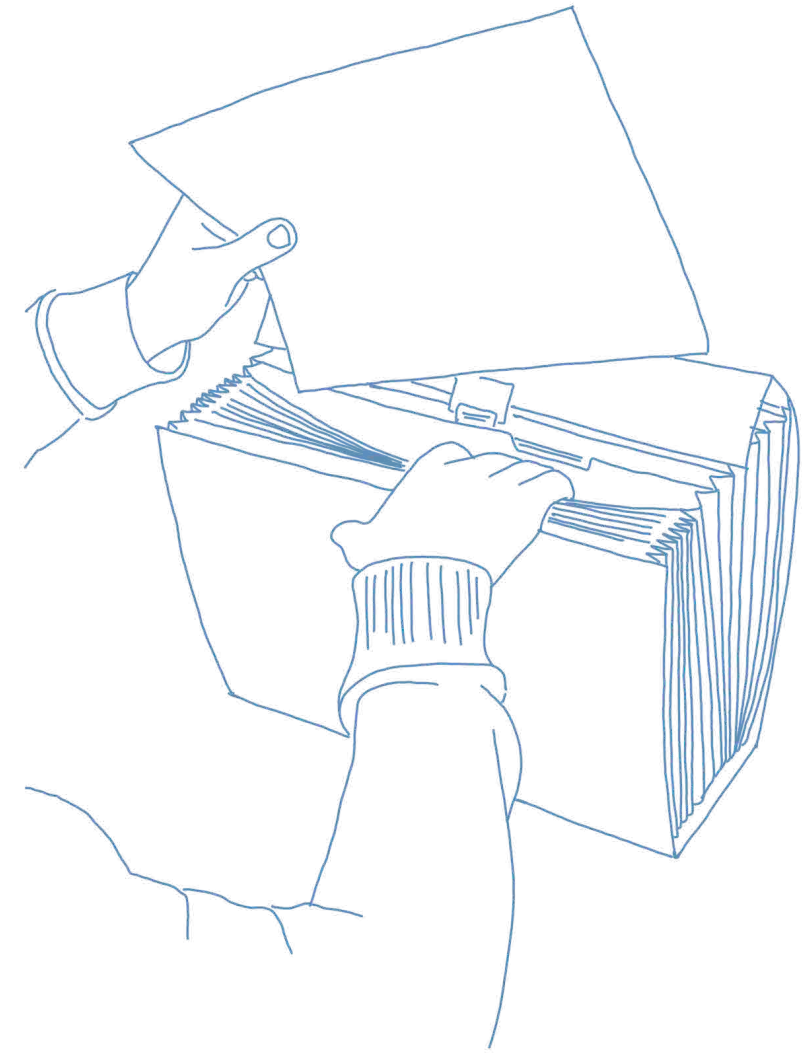
B Due Diligence

Many human rights breaches, including forced labour are not immediately apparent. Some suppliers may even go to great lengths to hide the fact that they are using forced labour. Therefore, due diligence is key to good corporate governance. The UN Guiding Principles on Business and Human Rights (UNGPs) specify that due diligence processes should include:

- Assessing current and potential human rights impacts
- Integrating and acting upon the findings
- Tracking responses
- Communicating how impacts are addressed

To help end forced labour, companies need to [assess](#), [identify](#), and [manage](#) the forced labour risks in their operations and supply chains. Sound due diligence requires consultation with actors that are potentially or actually affected by a company's operations and supply chain, particularly vulnerable groups, such as children. [This means bringing the lived experience of those vulnerable groups into this process so companies can design appropriate responses.](#)

[Home Office Guidance \(2017\).](#)
Transparency in Supply Chains etc. A practical guide.



CORPORATE GOVERNANCE IN SUPPLY CHAIN

B Due Diligence

RISK ASSESSMENT

RISK IDENTIFICATION

RISK MANAGEMENT

After mapping out its supply chain, a company must assess the risk of forced labour occurring within it. To do so, companies must first understand the features of their business that are particularly vulnerable to these types of practices. Risk assessment can take place as part of an organization's wider approach to risk. Still, it should be targeted to the company's features such as size, structure, location of supply chains, and nature of business.

A tailored risk assessment could include:

- Requiring suppliers to complete risk-based questionnaires
- The use of a specified risk management database or tool
- Conducting research to assess risk

If an organization has properly assessed the nature and extent of its exposure to the risk of forced labour, it will be more able to take targeted action to find it, remedy it, and prevent it from occurring in the future.

[Walk Free Foundation \(2014\).](#)

Tackling Modern Slavery In Supply Chains.



CORPORATE GOVERNANCE IN SUPPLY CHAIN

B Due Diligence

RISK ASSESSMENT

RISK IDENTIFICATION

RISK MANAGEMENT

A sound risk assessment will help identify the risks of forced labour in the supply chains and their level of importance, ensuring that the company will prepare an appropriate response. Disclosing where this risk is in a statement on forced labour helps to illustrate the effectiveness of risk assessment and to create the evidence needed to eradicate forced labour from global supply chains.

The company must explicitly state the specific geographic regions, industries, resources or types of workforce where the risk is most significant. The risks could be identified at different levels:

- Geographic
- Industry and Sectors
- Business Operations and Partnerships
- Resource
- Workforce

To ensure effectiveness, [a culture that rewards the identification and reporting of risks](#) and the effective mitigation and remedy of cases found should be fostered in the company.

[Home Office Guidance \(2017\).](#)
Transparency in Supply Chains etc. A practical guide.

CORPORATE GOVERNANCE IN SUPPLY CHAIN

B Due Diligence

RISK ASSESSMENT

RISK IDENTIFICATION

RISK MANAGEMENT



Once risks are identified, organizations should then decide how identified risks can be investigated and best be remediated or mitigated. The due diligence process is not just assessing initial risk through questionnaires or having in place policies but monitoring this risk through continuous engagement with suppliers.

This continuous engagement can include:

- Conducting audits of suppliers (including high-risk suppliers)
- Conducting on-site visits of suppliers

In some instances, these mechanisms are conducted by the suppliers or companies themselves or independently. Companies who invest in the proper risk management system will have a competitive advantage in meeting the demand for forced labour free supply chains from consumers, NGOs and investors.

[Walk Free Foundation \(2014\).](#)
Tackling Modern Slavery In Supply Chains.

CORPORATE GOVERNANCE IN SUPPLY CHAIN

C Reporting

The rationale behind requirements for reporting assumes that transparency is a tool that overall, will help both governments and businesses to understand the risk they are facing, to make better procurement decisions as well as helping consumers to have informed choices.

While recognizing that disclosure in the statements may not reflect the totality of a company's efforts to prevent forced labour, transparency is essential to demonstrating whether a company understands its risks and is making efforts to mitigate, remediate and prevent them from reoccurring.

The intention behind the Forced Labour Legislation, was to create a race to the top by encouraging businesses to be transparent about their efforts to tackle forced labour risks, thus increasing competition to drive up standards for appropriate and effective response to forced labour.



[Business & Human Rights Resource Centre \(2021\).](#)
Modern Slavery Act: Five years of reporting.

CORPORATE GOVERNANCE IN SUPPLY CHAIN

C Reporting

More and more governments are discussing and implementing legislation demanding companies to publish reports illustrating their practices to assure that forced labour is not used in the supply chains. While California's Transparency in Supply Chain Act gave the start to this trend in 2010, the UK Government took the lead with the UK Modern Slavery Act in 2015, followed by Australia, France, Germany, Brazil, Italy, The Netherlands, etc.

While many of the global companies have already started to report (over 17000 companies in the UK), the legislations are still considered weak, without enough standard requirements for companies to comply with. Thus, a closer analysis of the business' reports is essential to identify and encourage leading practices while pointing out areas in which companies can do more to clean their supply chains of forced labour.



[The Mekong Club \(2019\).](#)

Transparency in Supply Chain Legislation - Overview.

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THE
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